

Thursday August 20 1974

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THE TIMES

Higher rates not
enough to save
councils, page 12

City fears bring share prices to lowest level in 16 years

concern about the economic and industrial outlook yesterday brought share prices tumbling to their lowest level since October, 1958. The Financial Times "ordinary" share index closed at the 200 mark.

Losses of up to 10% for big companies

Byland
News Staff
Share prices suffered further losses on the London Exchange yesterday as a downturn in the City about the economic and industrial outlook continued. At the end of the day the Financial Times "ordinary" share index confirmed worst fears by closing at the 200 mark, a level not reached since October, 1958.

The index was 10.5 down on the day, while the Dow Jones industrial average was down by 72.84. City remained disturbed by a fortnight, that the Dow Jones industrial average was down by 72.84. City remained disturbed by a fortnight, that the Dow Jones industrial average was down by 72.84.

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Earnings rise at rate over 30% a year

Condon
Staff
Earnings rose sharply in June, according to the latest figures released by the Department of Employment. The 3.7 per cent increase in June followed a 3.3 per cent increase in May, bringing the annual rate of increase to over 30 per cent.

Reference on Anglo-Alps

Aug 19.—Plans for the Anglo-Alps project are to be discussed by more than 200 people at a meeting in Trento, Italy, at the end of next week.

or stolen

alligator was stolen from the Horniman Museum, London, on August 19. It is believed to be a 19th-century specimen.



A Greek Cypriot tearing down the Stars and Stripes from the American embassy in Nicosia during yesterday's attack. It was burnt by the angry mob outside. Another photograph, page 4.

US ambassador to Cyprus killed in mob attack on embassy

From Paul Martin
Nicosia, Aug 19

A mob of angry demonstrators, led by Greek Cypriots in military uniforms, today attacked the American embassy in Nicosia and shot dead Mr. Roger P. Davies, the United States ambassador.

Mr. Davies was a widower aged 53. His two young daughters had been sent to Beirut only two weeks ago at the height of the military conflict on the island.

The wounded were taken from the embassy in two Canadian armoured troop carriers from the United Nations peace-keeping force. Earlier the Canadians were jeered by the crowd and had to weave their way through the demonstrators who lay on the ground in their path.



Mr. Roger P. Davies, the American ambassador, shot dead in Nicosia yesterday.

Kissinger insistence on ceasefire

From Patrick Brogan
Washington, Aug 19

The United States Government said today that it would insist on the strict maintenance of the ceasefire in Cyprus. Dr. Henry Kissinger, the Secretary of State, said this morning that he had spoken on the telephone to Mr. Ecevit, the Turkish Prime Minister, and had received assurances that Turkey would respect the ceasefire.

Dr. Kissinger made a statement which had been approved by President Ford. He said that the important and urgent necessity now was a resumption of negotiations. The United States Government would continue to give every support to British efforts at mediation, and would support a new British initiative.

The decision not to cut off the supply of arms to Turkey, he said, was justified because such an action would have been ineffective and counterproductive.

No trace of IRA escapers as Dublin awaits report

By Robert Fisk

Mr. Patrick Cooney, the Irish Republic Minister for Justice, today gave the Dublin Cabinet a long and detailed report on the escape of the 19 leading IRA men from Portlaoise jail on Sunday, one of the most humiliating blows to the Irish authorities.

The police, highly embarrassed by the escape, were unwilling to issue many details of it, although they named the 19 men and revealed that some of them took two civilians hostage

cruiser Little Rock, with the fleet commander, Vice-Admiral Daniel Murphy on board, has also joined the American flotilla in the sea off the coast of Cyprus.

The officials said both carriers would stay in the area for the time being to help the evacuation of about 600 American citizens still in Cyprus, if necessary.

The Foreign Ministry denied press reports that Turkish troops in Cyprus continued to advance after the ceasefire proclaimed on Friday. It said a Greek artillery attack took place on Sunday night against Turkish-controlled Tymbou Air- port, east of Nicosia. The Turks did not fire back in spite of the death of one of their soldiers.

The British have good reason to do so; the Irish police have confirmed that Kevin Mallon, one of the IRA's most efficient border campaigners, was among the escapers. So were William Brown and Michael Molan, members of the Belfast brigade who helped Mr. Mallon to escape from Mountjoy prison by helicopter last October.

"Artilla line", so-called after the Hun ruler, a hero in this country where he is considered a criminal for the defence of northern Greece, becomes Chief of the Army. The general's opposition to Brigadier Ioannides' military rule was instrumental in bringing about the political changes in Greece in the wake of the Cyprus crisis.

General Gregorios Bonanos, hitherto the Commander-in-Chief, five Lieutenant-generals and four major-generals, all closely associated with the dictatorship, were placed on compulsory retirement.

General Arhousis, who enjoys a high reputation in the Army, was dismissed on April 21, 1967, when the colonels seized power, to make room for the promotion of their favourites.

Turkey's Cyprus plans, page 4

Leading article, page 13

Court Line cash troubles grow as doubts are cast on protection of Airfair clients

By Maurice Corina
Industrial Editor

The Court Line affair took a new turn last night when it was learned that administrative confusion in Whitehall has cast doubts on the bonding arrangements for customers of Airfair the advance airline booking firm.

The Civil Aviation Authority, which last night announced plans for stranded passengers and customers with bookings outstanding, said: "The position of the Air Fair bond has yet to be clarified. Further guidance will be issued as soon as possible."

Airfair is one of the Court Line subsidiaries that have terminated their operations. Under a scheme approved by the CAA, it has been buying blocks of airline seats and reselling them cheaply to people prepared to book 60 days in advance of travel. A bonding arrangement is required to protect travellers.

There is already criticism of the CAA's difficult decision not to revoke Court Line's licence to organize general air travel while the Government took advice on the group's exact financial position. It will now be asked why Airfair was permitted to continue operations while the nature of the bonding arrangements remained unclear.

It is understood that Court Line wanted its £3.3m bond covering Clarksons and Horizon holidaymakers to be extended to cover Airfair. The authorities apparently agreed and issued the appropriate licence.

But the Tour Operators Study Group declined earlier this year to accept a bond from Airfair, which is not a member of the Association of British Travel Agents (ABTA).

Shop stewards met yesterday and decided to begin the action at an undisclosed date. The decision followed an abortive meeting with administration officials and doctors.

Union members intend to exclude such services as porterage and meal deliveries.

Mr C. Longworth, chief negotiator for the shop stewards' committee, said: "We don't want to hit the private patients of full-time consultants. We are hitting patients who are queuing for a long time."

The hospital provides 20 beds for the private patients of full and part-time consultants. Yesterday, 14 were occupied but neither the hospital nor the unions knew how many were patients of part-time consultants.

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tion and, therefore, passengers affected are not covered by our financial protection scheme."

Mr Harry Chandler, chairman of the Tour Operators' Study Group, said that the group could not accept a bond from Airfair as it was not a tour operator.

Yesterday the CAA announced that two airlines, Laker Airways and Wardair, had agreed to return stranded passengers free of charge but people with future bookings for transatlantic flights must pay 150 Airfair payments to carriers having signed Overseas National Airways (ONA) will return people from the United States up to September 5, any help after that will depend on United States government approval and availability of space. The position of ONA, as well as that of World Airways, with regard to future outgoing passengers "has still to be clarified."

According to sources within the authority, the present uncertainty over whether an Air Fair bond exists or not arises from differing interpretations of the tour operators' bonding agreement. When Court Line took over Horizon it was felt that a £1.1m bond was large enough to cover Air Fair's requirements (Horizon was getting fewer bookings). Halcyon Holidays, the Court Line subsidiary, agreed to the CAA's request, to buy all the shares in Air Fair to enable it to qualify for bonding.

The authority's view is that all subsidiaries of tour operators are eligible for the study group's protection scheme; the travel trade says that applies

only to subsidiaries engaged directly in tour operations.

Mr Gordon McNally, chairman of Exchange Travel (Holdings), yesterday sent a telegram to Mr Shore, Secretary of State for Trade, saying the whole travel trade was in a dilemma over the Court Line affair. Legal opinion differed on how money covering forward bookings could be used.

Argument is continuing over the Government's nationalization of Court Line's shipbuilding side and whether or not ministerial assurances were given on the stability of the firm's holiday operations.

Tate and Lyle, the sugar group with shipbuilding interests, said yesterday that it was still very interested in buying Appleford Shipbuilders, a Court Line company, subject to the price being right; and a guarantee was given about no future state takeover.

Mr John Methven, Director General of Fair Trading, decided yesterday not to widen his examination of the travel industry to include an investigation of the Court Line collapse, as had been urged by Mr Paul Tyler, Liberal spokesman on transport.

Villa subsidiary sale: In the High Court today, Mr Guy Parsons, special manager of Court Line, will apply for official approval for the sale of a shares in Owners Services Ltd to Tozer Kemsley and Millbourn (Holdings), the international finance and investment group. The sale will guarantee holidays for 20,000 people.

Price and Pierce, its wholly-owned subsidiary, sold its 60 per cent stake in OSL to Court Line last June.

Owners' Services acts as a carrier and organizer for private villa rental holidays as well as a villa and apartment "broker".

Hospital staff to boycott some paying patients

By a Staff Reporter

Action to stop treatment for private patients of part-time consultants at Hammersmith Hospital, London, is to be applied by members of six non-medical unions.

Shop stewards met yesterday and decided to begin the action at an undisclosed date. The decision followed an abortive meeting with administration officials and doctors.

Union members intend to exclude such services as porterage and meal deliveries.

Mr C. Longworth, chief negotiator for the shop stewards' committee, said: "We don't want to hit the private patients of full-time consultants. We are hitting patients who are queuing for a long time."

The hospital provides 20 beds for the private patients of full and part-time consultants. Yesterday, 14 were occupied but neither the hospital nor the unions knew how many were patients of part-time consultants.

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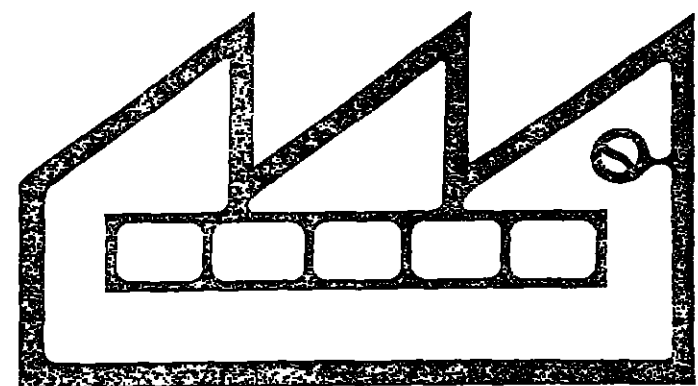
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Industrial development can weigh on the mind



Decisions about factory or warehouse space should not be taken lightly or without sound professional advice.

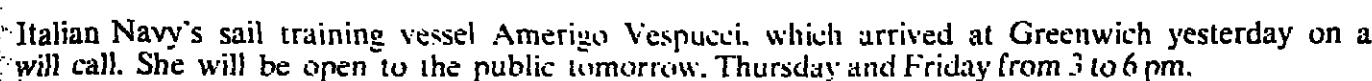
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Mr. Reed, independent aircraft industry, announced yesterday, centre of acquisition by a British Aerospace Corporation, the two major aircraft makers, the British Aircraft Corporation and Hawker Siddeley Aviation.

He projected aerospace industry would also acquire major assets in guided missile production, but Rolls-Royce, which has been operator public ownership, it is a takeover party, would not be brought into the corporation, compensation to the companies to be taken over, the Government enshrining the proposals was gloomy.

He stated public already pumped into the industry have been used against the compensation.

He said the circumstances, it is not right to apply the

standard compensation formula as, for instance, it was applied in the case of steel nationalization in 1967.

"In assessing the compensation, account should be taken of outstanding loans and un-recovered launching aid granted in the past 10 years", the document said.

It was drawn up by a joint working party from the Labour Party, the TUC and the Confederation of Shipbuilding and Engineering Unions (CSEU) and was approved by Labour's national executive, the TUC General Council, and the CSEU annual conference. Although not a White Paper, it probably reflects closely Cabinet thinking on the aerospace industry's future.

The Society of British Aerospace Companies, representing all the firms who would be affected by nationalization, refused yesterday to become excited by the document which, it pointed out, could not be

turned into a policy by the present minority government.

Justifying the need for nationalization, the document said that in the past few years several hundred millions of pounds of a year of public money had been spent on the aircraft industry.

The document listed the aircraft, finance, procurement of civil and military aircraft, and research and development contracts.

In the past 10 years, BAC had received more than £200m and Rolls Royce more than £100m from the Government.

By providing the finance, the Government was also the industry's largest customer, with all expenditure on British military aircraft met from public funds.

Although the world market for civil aircraft at 1973 values had risen from £700m in 1964 to £1,700m in 1973, the United Kingdom share in those two years was the same at £125m.

Three-quarters of the production supplied by the United States, and even in the United Kingdom the home industry's share of the civil air-

craft market declined from over 60 per cent in the late 1950s to less than 40 per cent in 1970. "Up to now," the document stated, "individual firms have made their own demand forecasts, usually linked with the probable requirements of existing customers."

"Under public ownership, the expertise involved would be centralized and be required to look at a much wider frame of reference, and to understand the inter-relationship on world markets would result in a revitalized industry."

"Trade unionists in the sector look for a strong United Kingdom aircraft manufacturing capability under public ownership, especially in view of the growing air freight market and the scope for subcontract work."

"The United Kingdom market share of aerospace equipment in the West European market has been estimated at around 45 per cent and valued at £200m. This must be expanded."

Cloudy outlook: page 21

a Devlin
tion Correspondent

lers of the National Union
ents accused the Govern-
esterday of endangering
n's education. The union
icantly concerned about
o cut the programme for
g teachers, which it said
on unrealistic, hit-s
s projections.

union asked for guaran-
e the future of its 100,000
teachers yesterday when
lers had a meeting with
ler, Minister of State
ation, who is in charge
er education.

Alastair Stewart, the
deputy president, said:
e first time the Depart-
of Education is telling
authorities how many
d teachers they can
s well as how many
teachers they can

id that in effect colleges
ing directed to fall from
15 per cent of their
At the same time mer-

gers of colleges (with other colleges and universities) appeared to be intended to cut the numbers of teachers being trained and the number of courses open to them.

Mr Stewart said: "We want to see realistic projections of the number of teachers this country is going to need."

Mr Fowler was told that none of the projections for teacher supply stood up to analysis. The Conservative Government had produced a White Paper which aimed to cut the number of additional teacher training places from 10,000 in 1980 to 70,000 and 70,000 by 1981. Further cuts had since been suggested, based on a falling birth rate.

Mr Stewart said: "The birth rate is difficult to predict, teacher wastage is almost impossible to predict, there is no margin for error and no margin for improvement."

He pointed out that in 1910 the pupil/teacher ratio had been 16:1. In 1972 it was 17.5:1. The number of primary school teachers in 1973 was 171,800, that figure was not reached again until 1970 and had not yet been substantially increased.

By our Education Correspondent

A research team at Bath University is studying the possibilities of introducing an annual wealth tax in Britain and hopes to publish its report by the end of this year.

The £7,000 study has been sponsored by the Institute for Fiscal Studies, but the team has also been given a grant of £6,000 by the Leverhulme Trust. The institute is a charitable trust set up four years ago to promote research into public spending and taxation.

The university said in a statement yesterday that the Labour Government's commitment to a wealth tax and the possibility of legislation in 1976 created an urgent need for an independent study.

The team, under Professor Cedric Sanford, professor of political economy, who has made a special study of capital taxation, will be examining the experience of those countries, including Sweden and Germany, which already have a wealth tax.

In brief

Ex-official on Poulson charge

A charge relating to the Poulson affair against Alfred John Merritt, who retired in 1958 after being principal regional officer of the Ministry of Health, was adjourned until today by magistrates at Pontefract, West Yorkshire, yesterday.

Mr Merritt, of Grange Wood Crescent, West Park, Leeds, is charged with conspiring with Mr Poulson between January, 1950, and January, 1956, to corruptly receiving gifts and considerations to influence his work at the ministry.

A second man appeared at Bradford City Magistrates' Court yesterday charged with the murder of Mr James Robertshaw, aged 74, a property owner and businessman, who was found dead at his home in Bradford last Thursday.

Edward Joseph Duffy, aged 25, of no fixed address, was remanded in custody until Friday. Last Saturday, Stephen James Clow, aged 24, a tractor driver of Frizinghall Road, Bradford, was remanded in custody until the same day on the same charge.

The West, the Hamburg newspaper, plans to take Germany's national newspaper from next summer, when its central editorial offices will be transferred to Bonn.

This development will be closely watched by the newspaper's competitors, and might well bring about a structural change in the West German newspaper industry.

All the largest West German newspapers aspire to a national readership, but apart from the tabloid, *Bild Zeitung*, they all have a strong regional base.

For the first time, *The Guardian* before it came to London.

For *Die Welt*, the compar-

The following prospective parliamentary candidates have been announced:

Mr Richard Hadley, aged 37, a barrister, Labour, for Hendon, South, held by Mr Peter Thomas, Conservative, with a majority of 6,597.

Mr Murdoch MacDonald, aged 28, public relations consultant, Liberal, for Edinburgh North, held by Mr Alex Fletcher, Conservative, majority 7,013.

French help to own tourist in

Nottingham, yesterday after a 300-year-old oil painting. "A Village Scene" by David Teniers, valued at nearly £4,000, was taken on Sunday afternoon.

doing well this year. This is paradoxical because, elsewhere in western Europe, as a result of the energy crisis and political instability, the industry is expected to show a considerable decline.

Unofficial estimates suggest that France may end the year having seen half a million more

From Our Correspondent
Cambridge

Two policemen who broke up a crowd of angry pop music enthusiasts during a dance at the Corn Exchange in Cambridge, earlier this year have been cleared by a special inquiry of allegations of violence.

Mr Frederick Drayton Porter, the Chief Constable, said yesterday that no case had been established against the officers, who have not been named.

The disciplinary inquiry was held in secret by senior officers from another division. The officers were called in to quell a fight when windows were broken and furniture smashed after The Drifters performed at the Corn Exchange.

tourists than last year. The number of foreign visitors is up by about 100,000, but the biggest gain is among the French. There are more than 300,000 more French people seem to have decided to have a holiday in their own country this year.

Despite all the talk of economic difficulties that are facing French families, some 26 million men, women and children have gone on holiday—about 60 per cent of them in August. This is not half the population.

The almost complete stoppage in industry and business during August, when 60 per cent of French factories shut for the year in a year in which President Giscard d'Estaing said that French people would have to work a "thirteenth month" to offset the consequences of last autumn's higher Middle East oil prices.

But, increasingly, the French tourist industry is being appreciated as an important economic factor. It employs, at the height of the summer season, 1.5 million people with an annual

From Our Correspondent
Lisbon, Aug. 19

Colonel Vasco Gonçalves, Portugal's Prime Minister, has announced new price increases to the country. Speaking on radio and television he described his Government's economic heritage from the Salazar-Caetano era as a weighty one and said that the former leaders' boasts of economic stability were a myth.

"On the eve of April 25, the Portuguese economy was on the brink of chaos," he said. "At the end of April this year shows a deficit of more than 6,000,000 escudos (£100m), prices were 30 per cent higher than they were in March last year and the country 45 per cent of its budget."

Since the military coup, other difficulties had added to the

Belgium plans professional defence force

From David Cross
Brussels, Aug 19

As in other West European countries, national service duty has never been popular among the younger generation in Belgium. This dissatisfaction reached its peak a couple of years ago when demonstrating students were violently repressed with armed police over a Government plan to put an end to student deferments from military service.

The authorities eventually gave way, and the proposed scheme for all students to carry out their military service as soon as they left school was hastily scrapped.

Ever since that debacle, successive Belgian Governments, in close concert with public opinion, have moved more cautiously in their attempts to introduce changes in the armed forces. To their great relief a new project, just approved by Parliament, has won the approval of most interested parties.

But the compromise nature of what is known as the "Vanden Boeynants plan" (named after Mr Paul Vanden Boeynants, the Belgian Defence Minister who drew it up) has had one setback. It has proved that the complete Belgian newspapers have had to print a series of long explanatory articles to clarify initial misunderstanding among the public.

Some youngsters, for example, were already celebrating what they thought was an immediate trimming of national conscription from the present 12-month term for the 40,000 conscripts who are serving at any one time would be reduced in stages to six months' service in 1978.

To make this possible without any loss of length of the armed forces, the Government has calculated that an additional 6,000 professional soldiers will have to be found annually for the next five years. Therefore, an inkling of

women will not have to obtain their husbands' approval before signing up.

The scheme will limit military service to one son or daughter in a family in due course. In addition, the period during which most national servicemen can be recalled for military duties will be cut from the present 14 years to seven in 1975.

As reorganization goes ahead, conscripts now serving in the Aachen and West Germany will gradually be replaced by professionals serving between two and 11 years. Future conscripts, whose short training period is limited to a few weeks, such basic military skills as "square bashing" and how to handle a rifle, will serve in units as close to their homes as possible.

The cost of the whole operation is expected to add about £43m to the present annual defence bill of some £360m. But this increase should be

A young Frenchwoman was fatally shot during a struggle with a policeman at a camping site on Spain's eastern coast, it was reported today.

The semi-official Spanish news agency Cifra identified the victim as Mlle Odile Yvette, 23, of 11 rue de la République, 70000 Orléans. She was shot when the policeman, holding a pistol in his right hand, tried to take a knife away from her with his left hand.

The incident occurred after a fight among a group of young French people at a camping site near Castellón after the French tourists had been drinking.

By Our Foreign Staff.

Die Welt, the Hamburg newspaper, plans to become West Germany's leading national newspaper from next summer, when its centennial celebration will be transferred to Bonn.

This development will be closely watched by the newspaper's competitors, and might well bring about a structural change in the West German newspaper business.

As the largest West German newspaper, Die Welt and its newspapers aspire to a national leadership, but apart from the tabloid, *Bild Zeitung*, they all have a strong regional base. As had for instance *The Morning Post* in London.

Die Welt, the comparison is hardly valid. Bonn is still a small town on the Rhine, but by printing in more than one centre it has a chance, even at least, of increasing its ambition.

Mr Cornelis Berkhouwer, Dutch president of the European Parliament (right), shaking hands with Mr Karamanlis, the Greek Prime Minister, before beginning talks in Athens yesterday on improving Greek links with the EEC. Mr George Mavros, the Greek Foreign Minister, is with them.

Growing pressure on Oslo to extend fishing limits

From Our Correspondent
Oslo, Aug 19

There is growing pressure on the Norwegian Government for a unilateral extension of the country's fisheries limit. The issue was broached by Mr Eivind Bolle, the Minister of Fisheries, in a speech marking Fishermen's Day in Trondheim on Saturday.

He stated that the situation after the Caracas (law of the sea) conference "cannot prevent us from taking measures on a national basis. Such steps should not create problems for continued Norwegian participation in international cooperation in this field".

The phrase "measures on a national basis" has been interpreted as foreshadowing the extension of fisheries jurisdiction by imposing control on waters outside the present 12-mile limit or by extending the limit itself.

Mr Bolle added that the problems Norway was facing now were of such a nature that "we cannot push them aside but have to consider them very seriously immediately after the Caracas conference".

Mr Johan J. Toft, chairman of the Norwegian Fishermen's Association, also speaking in Trondheim, said that in view of the rapidly dwindling sea resources "we cannot sit with our hands in our lap and wait for the next conference".

EEC move to protect Europe's grain supply

From Our Own Correspondent
Brussels, Aug 19

The European Commission has introduced new restrictions on grain exports to safeguard the supplies. Export taxes on most cereals have been increased to prevent exporters in Community countries from taking advantage of rising world prices.

In the next days the tax on soft wheat has risen from 40 to 60 units of account (about £30) a tonne; on barley from 15 to 35 units; on oats from 5 to 17 units; and on maize from 10 to 27 units. These measures bridge the gap between the lower Community and the higher world market prices.

From Richard Wigg
Paris, Aug. 19

French tourism looks like doing well this year. This is paradoxical because, elsewhere in western Europe, as a result of the energy crisis and political instability, this industry is expected to show a considerable decline.

Unofficial estimates suggest that France may end the year having seen half a million more tourists than last year. The number of foreign visitors is up by about 100,000, but the biggest gain is among the French themselves. At least 300,000 more tourists are expected to have decided to have a holiday in their own country this year.

Despite all the talk of economic difficulties that are facing

to boost their industry

turnover estimated at some 43,000m francs—about 8 per cent of France's gross national product. Last year there was an 870m francs surplus, and that is likely to be exceeded this year.

The decline in the number of French tourists going abroad was illustrated dramatically in July when French police reported a 40 per cent drop at the Hendaye post on the Spanish frontier.

M. Jean-Pierre Fourcade, the Economics Minister, when told that the tourist industry on the Côte d'Azur was complaining about holidaymakers' "resistance" to present prices, said in no uncertain terms that he himself had seen some very high prices "which must make the tourists think twice."

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Early this month, *Figaro* published the results of a survey comparing consumer prices in various fashionable French seaside, lake and mountain resorts this year with those in August 1972. There were wide variations, including a 42 per cent increase at Annecy, in the French Savoy, and only 4 per cent at Ajaccio, Corsica.

On the Riviera, prices have gone up 37 per cent at St. Raphael and 32 per cent at Nice. Deauville, on the Channel coast, comes out well with an increase of only 22 per cent. And in Chamonix, in the French Alps, surprises 11 per cent. Few tourists, French or foreign, will be surprised to learn that Paris was among the worst, at 35 per cent.

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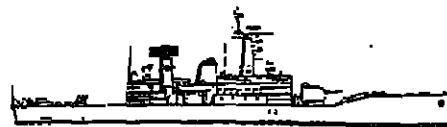
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Please send me further information about commissions in the Royal Navy ☐ Royal Marines ☐
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(Note: For a full career commission you must have a minimum of 2 'A' levels.)



RN
ROYAL NAVY

Airport and oil refinery among Turkish developments planned for autonomous region in Cyprus

Turkey wanted a third round of Geneva talks to confirm this, but noted that Greece had refused, possibly because of internal problems.

"Nevertheless I hope that in a short time the confirmation of the two independent administrations will be achieved and the island will then become the *Meis* island of peace," Mr. Erbakan said.

"If Greece does not want to negotiate, we will, as we have already said, put into effect the existing situation."

The deputy Prime Minister said the government planned to develop the economic potential of the Turkish Cypriot population. "Until now the Turkish Cypriots had no possibility of improving their economy. They did not have an outlet."

Observers noted that the lack of a Turkish Cypriot seaport had been one of the community's longstanding grievances. They said that if the island's intervention they now have two — Famagusta and Kyrenia.

Murder and wave of anti-Americanism shock the Greek Prime Minister

Two more cars owned by American servicemen were set on fire in the suburb of Glyfada, near the airport, last night, and other American vehicles were stoned. The American Embassy in Athens is being heavily guarded by the Greek police.

There have been anti-American demonstrations in several Greek cities. Last night the Athens police charged with tear gas, and at several water stations to disperse a crowd of three to four thousand youths who tried to march towards the American Embassy.

Our Ankara Correspondent writes: Mr Ecevit, the Turkish Prime Minister, condemned the Greek actions. He said the Greeks are committing grave error in making others pay for their own mistakes," he said. "They are bringing harm to the world as well as to themselves." Turks had always sought to face similar acts of terrorism. One of the main reasons for our peace operation on Cyprus was to put an end to such massacres and acts of terrorism."

Mr Gunes, the Foreign Minister, said: "If there is no peace and calm on the island now, Turkey is not to blame. It is the United States and the United Nations who should be held responsible to the body of an infant, whose who have assassinated the American Ambassador who are to blame." The first incident Mr Gunes was referring to was the death of a three-

Britain tests climate for resuming Geneva talks

gent of Cyprus, to find out what his attitude would be. In the next few days, when Britain has received a reply, he will consult the Greek and Turkish Governments to see if they will accept a proposal for a productive resumption of peace talks.

Mr Denkash, the Turkish Cypriot leader, will not be brought into these preliminary talks; Britain assumes that he will follow the lead of the Turkish government.

The Foreign and Commonwealth Office has already let it be known that Britain is working in concert with the Americans, and emphasized yesterday that it was not a matter of usual negotiations but the active support of the State Department.

Mr Tanaka attends Park funeral

Park was designed to help mend relations between the two countries, strained a year ago when unidentified Koreans kidnapped Mr. Kim Dae Jung, the South Korean opposition politician from exile in Tokyo and brought him to Seoul.

Mr. Kim Jong Pil, addressing 3,000 mourners including Mr. Tanaka, accused North Korean communists of this horrible "crime" of trying to assassinate President Park and killing Mrs. Park. "The communists have incessantly challenged our sincere and dauntless march and fanaticism to bring peace in a plot to disrupt our peace and prosperity," he said.

During the funeral service a middle-aged South Korean staged a one-man protest against the North Koreanists near the Capitol with a placard proclaiming "Japanese pistol which killed national mother of Republic of Korea—reject Japanese Prime Minister, man who came to conspiracy shooting." The man was stopped by police.

Meanwhile, South Korea

Ceylon judge unable to ease press curb

Dr Waldheim

From Dessa Trevisan

Bucharest, Aug 19

Before an audience of some 3,000 delegates from some 130 countries, journalists and private individuals, many of whom were women representing a variety of feminist movements from the West, Dr Kurt Waldheim, the United Nations Secretary General, today opened the World Population Conference on a note of cautious optimism. The conference, a turning point, as he described it, would provide the necessary impetus for action in resolving the world's demographic crisis.

Dr Waldheim

gives warning

gives warning on birthrate challenge

on birthrate challenge

Hitch over plans for new junta in Mozambique

ans for new ambique

Lisbon and in the Mozambique capital of Lourenço Marques Saturday, as Dr Soares was winning his talks with the Frelimo leaders.

The major, who is in Mozambique without Portfolio in the Portuguese Provisional Government, was to have led a seven-man ruling junta which would have taken over from the post-1976 Governor-General, Dr Soeiro, in Melo.

The Portuguese Foreign Minister returned to Lisbon last night with Dr Antonio Almeida Santos, the Overseas Territories Minister, and Melo Antunes. Officials refused to give any information about their mission.

Diplomats and sources close to the government in Lisbon said Dar es Salaam said the new Frelimo leaders would work out details for independence, before a formal conference between Frelimo and Portugal in Lusaka, next month.

N Vietnamese frogmen destroy bridge

Sea conference over mineral

From Marcel Berlins
Carcass, Aug 19

The United Kingdom and seven of her eight European Community partners have made a joint proposal for a system to govern the exploitation of minerals on the sea-bed.

In a working paper to the Law of the Sea Conference, the EEC countries, with the exception of the Irish Republic, give details of the role to be played by the international sea-bed authority, which all countries agree should be set up, but about whose functions there has been wide divergence of views.

The European proposal sees the authority as having limited powers. It would be responsible for the award of contracts to companies, or other entities wanting to engage in mining on the ocean-floor. But it would have little discretion in deciding who would win the contracts.

The developing countries have already made clear their opposition to proposals along these lines, fearing that they would open the door to a grab by the multinationals and companies backed by the few states technologically capable of deep-sea mining.

The third world countries (known as the group of 77) although there are now more than a hundred states in it) have presented their alternative to

Sea conference divided over mineral exploitation

Income divided exploitation

EEC countries states that authority "shall" grant a contract to an applicant if all the procedural requirements have been followed. But in the area for which income contracts can be granted, the company is not restricted to any single application to a maximum of three contracts. There are also provisions stating that the mining company shall have to work continuously, and that the contract for an area of work on the area would last 30 years, but would be renewable for 10 years. Minimum amounts would have to be paid by the contractor.

The British argument for supporting a system which would give the sea-bed authority de facto but not narrowly circumscribed powers, is that compensation for the necessary work would be the only way to make the work underpin costly exploitation unless they were sure of the fact they were letting themselves in for.

The third world countries on their side, fear that to be relatively unrestrained, sea-bed mining could mean that minerals as copper and cobalt which are found in the manganese nodules on the sea floor, would lose their value and wreck the economies of some poorer countries which depend on revenue from these minerals.

This argument is rejected by British mineralogists as a difficultly unsound.

Apart from the European countries' proposals and put forward by the group of 12, there is also a United States draft proposal.

The approach is similar to British. Once again, there is as on so many other issues, the conference is split between the highly industrialised and the developing world.



Mr Clerides, the acting President of Cyprus (right, wearing gas mask on his head) watches as Mr Davies's body is carried out of the American embassy.

Nicosia mob yell 'US murderers'

The involvement of the Secretary of State has been given wide circulation here.

However, the wider implications are far more serious. The Greek Cypriots are beginning to take stock of the enormity of their loss to the Turkish invasion. The Americans have been the first and most obvious targets. There is also a growing anti-British feeling being expressed by the moderate voices among the Greek Cypriot population.

Our Foreign Staff writes: According to information received in London from reliable Cypriot sources, the original plan of the embassy attackers was to dynamite the building.

The attackers were apparently divided into two groups. The first group was to place the dynamite in the embassy while the second group provided covering fire.

When the dynamiters went into action the second group started firing at the lower part of the building. However they turned the direction of their fire against the upper floor when tear gas was thrown from there against the assailants.

New chargé d'Affaires: The Royal Navy and the RAF were last night carrying out a combined operation to take Mr Lindsay Grant, the newly appointed American Chargé d'Affaires, to Cyprus from his holiday on the Isle of Barra, off the west coast of Scotland, the Press Association reports.

France developing strong friendship with Athens

Friendship with America

Hitch over plans for new junta in Mozambique

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ASSISTANT

Assistant is required to assist the Principal Agricultural Economist in the Ministry of Agriculture, Fisheries and Food.

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Council for Scientific and Industrial Research South Africa

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Further details and an application form may be obtained from: The Office of the Scientific Counsellor, Chichester House, 278 High Holborn, London, WC1V 7HE. Telephone: 01-242 9641.

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We offer a competitively negotiable salary dependent upon experience, generous bonus arrangements, 4 weeks holiday and other benefits.

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The Manager will help to formulate and expound the views of the shipping industry on new international conventions and national legislation affecting shipping, particularly those dealing with shipowners' liability. Recently this work has included revision of the Hague Rules and preparation for the Law of the Sea Conference in Caracas.

He must be willing to travel abroad. Age 25-55. The salary will reflect the responsibility of the job and take account of relevant past experience.

For further details write or telephone (01-283 2922): The Secretary, Chamber of Shipping of the U.K., 30-32 St. Mary Axe, London EC3A 8ET.

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With the approval of the Scottish Local Government Staff Commission, applications are invited for the above post. This is a challenging job which will make a major contribution to the development and implementation of a Transportation Plan for the Lothian Region—population approximately 800,000 including the City of Edinburgh, the County of East Lothian and most of the Counties of Midlothian and West Lothian.

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Director of Administration, Lothian Regional Council City Chambers, EDINBURGH EH1 1YJ (Tel: 031-225 2424) from whom further particulars may be obtained.

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A.L. MCKINCOLL
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Applications by letter stating age, education, qualifications, experience and details of past and present appointments, present salary and salary together with the names and addresses of two referees should be sent to The Director of Administration, Manchester District Council, Town Hall, Manchester M2 2LA, to be received not later than 5th September, 1974.

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Required to run experimental project with delinquent teenagers in Hammersmith. Working in close co-operation with schools, social services and police. Salary £4,000 p.a. approx. Applications to Robert Beech, Secretary, NACRO, 125 Kennington Park Road, London, S.E.11 0J-75 1151.

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Applicants should be at least bi-lingual in French. Fluency in additional languages would be a definite advantage.

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Those interested should write to A. I. Ferguson, Company Personnel Manager.

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Consumers' Association, publishers of Which? need a new Promotion Manager (Books and Renewals) to be responsible for promoting by direct response methods the books (including the Good Food Guide) and some of the magazines it publishes. He or she will commission, edit and progress copy and artwork through to production so experience in publishing or advertising will be very useful—but not essential as training will be given. What are essential are practical common-sense, good judgment, literacy and to be reasonably at home with numbers.

We will pay a starting salary upwards of £3,400 per annum (with the usual fringe benefits) and give five weeks' annual holiday.

Further details and application form from: Staff Appointments Officer, Consumers' Association, 14 Buckingham Street, London, WC2N 6DS. Tel: 01-839 1222.

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BOVIS CIVIL ENGINEERING LIMITED, which is a member of the Bovis Group of Companies and prominent in motorway construction and other major civil engineering works, wishes to recruit a Company Solicitor based at the Company's headquarters at Woburn, Wiltshire.

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The post involves drafting and advising upon contracts and sub-contracts, including construction agreements, entered into by the company and advising management on all problems, claims and disputes which may arise during the course or after completion of a project as well as providing a general legal service to the company.

Salary will depend upon age and qualifications and will be in the region of £4,000 p.a. A company car will be provided and the Bovis Group operates a non-contributory pension and life assurance scheme. Assistance with relocation expenses will be given if necessary. Please apply in writing with brief details of qualifications, experience and career to date to:

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Coward Chance have an opening for a solicitor in their Litigation Department. The work will involve a broad field of commercial litigation cases, frequently with international implications. Applicants should have good degrees and other qualifications to demonstrate their ability. Recently qualified applicants will be considered. A good salary will be paid according to the ability and experience of the person selected.

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Candidates should be experienced in personnel management, with a thorough knowledge of employee training and development practices.

While a knowledge of hotel and catering operations is desirable, this is not essential for the applicant who has a real understanding of employer/employee relations.

Please apply to: Graham Jeffrey, General Manager, Hotel Inter-Continental London, Hyde Park Corner, London, W1. Tel: 409 3131

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Creating symptoms but the disease

BENN'S ASSURANCES

It is more than likely that interesting questions of concern in the Court Line will become submerged in a brawl between Mr. Benn and the one of their political opponents. The point now at issue of the dispute is on June 26 and subsequent trading with Court Line; whether he was in a position to make such state-ments whether this now Mr. Benn and the Gov-ernment in some legal or moral on. The position is analogous to that in unsecured creditors of a company considered that they were misled by the previous statements in the before the final collapse, outline of the chronology to keep the issues in line. During the spring progress between the y and Whitehall because clearly financial in- m. The Court Line group in several areas of where the return on employed is insufficient up it was extremely short. For example, it was to find the £3m from its sources which was the put by the Conservative ment on a loan of £9m d in November, 1973, for lization of Court Ship- s. During the first half of ar, the already extended was, like many other ies, hit by rising interest d higher oil prices. The proposal in June that vernment should acquire re shipbuilding and ship- ing interest of the group h was not in the event ing that was forced by Mr r political reasons. It was, eluctantly, agreed by the y as the only way of rais-

ANGER OF THE GREEKS

Illing of the American adior in Nicosia yesterday hly condemned by politi- ders everywhere—includ- Clerides, Mr Karamanlis- rchbishop Makarios—as- ricious crime". Pitiful, s been the killing of so other innocent people in during the past month and ally the past week. In their mood the Greeks and Cypriots hold the United Government at least partly sible for all this blood- and privately many of vill not be too sorry to see representative of the United Government added to the k anger and bitterness ar- ment are so strong that uch act of blind violence ell have been inevitable. hope at least that it will a cathartic function, and e Greek Cypriots will now down and look for a l way out of their tragic- ment. Mr Clerides yester- t them an admirable e. The three conditions set for the resumption otations seem eminently ble, and it must have ourage as well as coolness to praise the commander ish forces in Famagusta- r condemning Turkish es elsewhere) and to e Greek Cypriot irregulars asking a Turkish Cypriot and the Cypriot re-

the less it would be the of foolishness for the out- vers with responsibilities- egion to expect moderate- tional counsels to prevail the Greek Cypriots unless elves do something to What has happened to the Cypriots in the past week

DER TWO HUNDRED

lay's further fall on the arket sent the Financial 30-share index down to the first time since 1958 has been below 200. The prices that it measures own fallen by an unprece- 63 per cent from the peak attained half-way through What is even more e, two fifths of that has occurred during 1974 Investors do not need ing that the true erosion value of their holdings has ven greater, with inflation than wiping out the bene- dividend income. must obviously hope that rket is no longer the faith- rometer of the economy spite its many imperfec- has often proved in the

age drunkenness

frs George Butcher the mother of three teenage view with disgust the re- the increase in drunkenness young people. I am puzzled, r, that among the contribu- s a seemingly obvious one- mentioned. I am thinking glorification of alcohol to the public is nightly subjected television advertising. To be

glamorous and socially and sexually irresistible it is essential to drink such and such. To the jaundiced eyes of middle age such an appeal seems crudely blatant. Unfortunately I can see that the crudity is less obvious to my own teenagers, and though they may laugh they are still to some extent impressed. After all it is of para- mount importance to the vulnerable adolescent that he should be popular and "one of the gang".

ing subsequently that in the negotiations it was expressly stated that the group could not give the Government assurances that the money from the ship- building and shiprepairing sales would see it through the rest of the year. Against that they under- standably wished to stress in public their hopes that it would. They would not have thanked Mr Benn at the time if he had him- self stressed their inability to give such positive assurances. In this sad story there have clearly been errors of commer- cial and tactical judgment on the part both of the company and of Whitehall. It seems unlikely, to put it no higher, that the Government has said or done anything which has created for itself a liability under the Com- panies Acts for the debts of Court Line; and its "moral obligation" to reimburse intending holiday- makers who may lose their money is far from self-evident. The issues of interest for the future would seem rather to centre on the relationship between Whitehall and a private company in financial difficulty, asking for Government assist- ance. It is an area in which practical and legal precedent is being set in an ad hoc way. It is an area in which, in the present unhappy state of business con- fidence, Court Line is unlikely to be the last case. Since it involves the actions of the executive it would seem to be an obvious case for investigation by a Select Committee of the House of Commons. It may be objected that, with Parliament in recess, and probably about to be dissolved, more urgent action is required. Parliament is how- ever the proper watchdog of the executive in such matters. Important issues of public policy are raised by this affair. It would, therefore, seem better to have the right inquiry in due course, rather than the wrong inquiry at once.

a one for the West to pay for Turkish friendship, whatever its strategic importance (and after all, in the last resort defending Turkey against Soviet attack or penetration must be a Turkish interest even more than a Western one). Mr James Schles- inger appears to have understood that. He rightly said on Sunday that Turkey had "gone beyond what any of its friends or sym- pathisers would have anticipated and are prepared, I think, to accept", and strongly hinted that this could affect American arms supplies to Turkey. It is a pity that no such hint was dropped a week earlier. Dr Kissinger, understandably pre- occupied with domestic affairs, has had the misfortune to be out of step at every stage of this crisis. Mr Callaghan has shown a better understanding of events, but has not been strong enough to influence them on his own. Given strong American support he might, as Mr Gunes suggested in Geneva last week, have been able to agree on a "plan of joint action" with the Turks which "need not have been military" to reverse the coup of July 15 and so forestall the original Turkish intervention. Given strong American support he might also have been able to deter the Turks from renewing their military push last week.

Unquestionably the need now is for concerted international pressure on Turkey to ensure that there are no more ceasefire violations, that Greek Cypriot refugees are allowed to return swiftly to their homes, and that negotiations can begin soon in good faith for a settlement in- cluding the withdrawal from Cyprus of all Turkish troops. For such pressure to succeed, strong American support will be essential.

shareholdings no longer provide a defence against inflation. The most serious aspect of the present situation is the real or imagined damage it could do to the insurance companies, banks, pension funds and other institu- tions which rely, directly or in- directly, on a healthy securities market for their own financial viability. At the moment, there are no valid reasons for doubting the ability of the major financial institutions to cope with this decline in the value of their assets. But their task is not being made any easier by the rumour- mongering that has been so prevalent on the Stock Exchange floor recently. The stock market must realize that at least part of its salvation now lies in its own hands.

Surely if the television advertising of cigarettes was considered sufficiently harmful to be banned, an equally strong case should be made for the banning of alcohol advertisements? Yours faithfully, SHEILA BUTCHER, 47 Lower Road, Stoke Mandeville, Aylesbury, Buckinghamshire. August 15.

The Government and the collapse of Court Line

From the Chairman of the Civil Aviation Authority
Sir, Mr Peter Martin is a distinguished aviation lawyer, and his letter in your issue of today (August 19) is entitled to a reply both because of this and of the terms of Paragraph 24 of the Civil Aviation Policy Guidance (Cmd 4899) (he erroneously refers to it as para 26), and indeed of S.23 (3) (b) of the Civil Aviation Act 1971 to which he does not refer but which is relevant to Court Line Aviation's Air Transport Licence.

He makes the point, which your correspondent Mr Maurice Corina also makes on p 2 of today's issue, that the Civil Aviation Authority did not invoke its powers to suspend or withdraw licences during the summer months while Court Line was in difficulties.

The Authority of course gave careful and continuous attention to the question as to whether it should bring the Court Line crisis to a head and Court Line and its related travel organizers to a halt by taking this action. It did not do so for two reasons.

(1) The Act requires that not only the "resources" of the licence holder but "the financial arrangements made by him" have to be taken into account before a decision to revoke is made. It is now well known that throughout the summer Court Line were in touch with the Departments of Industry and Trade with a view to seeing if financial arrangements could be made which would enable the aviation and holiday activities to be carried on at least until the summer holiday period had been survived. While there was any real prospect that in one way or another arrangements could be made to save hundreds of thousands of holidays the Authority would have acted irresponsibly if it had acted to do so.

(2) What practical purpose would have been served? The action which Mr Martin and, less emphatically, Mr Corina think we should have taken would have been a stroke destroyed the efforts which the Government, bankers, and the Authority itself were making to save these holidays, and three thousand jobs. It would have seemed to all those who were trying to save these holidays and jobs like an act of sabotage. And of course the imposition of a ban on further trading would be killing confidence have had a like effect. And if we had so acted in, say, June even more people would have lost holidays for which they had paid.

The Authority is always prepared to use its powers to the full when it is right so to do. Your front page today contains a report of an example of this.

But its duty, and its determina- tion, is to help both the public and the industry. The bonding system which is a condition of the CAA's licences is at this very moment bringing home those holiday makers who would otherwise have been stranded abroad and the bonds may at the end of the day provide some compensation for those who did not get their holidays at all. At a time of great difficulty for aviation and travel it is our duty to help and not hinder those seeking to enable these industries to serve the public. To have killed Court Line while there was a reasonable chance of saving it would have served no public purpose.

I am, Sir, your obedient servant,
BOYD-CARPENTER, Chairman,
Civil Aviation Authority,
Aviation House,
129 Kingsway, WC2.
August 19.

From Mr Stevenson Pugh
Sir, Your leader on Saturday hit the nail on the head by suggesting that the Court Line disaster has strained the credibility of Ministers' pretensions to constructive intervention in industrial or commercial affairs.

By chance I was closely involved in the last hours of Court Line and in the organization of the rescue operation which followed. The experience has demonstrated Ministers' commercial incompetence certainly but perhaps more signifi- cantly (since nobody has suggested a unitary state, was drafted strongly in their favour. In 1961 the Turkish Cypriot Vice-President vetoed the creation of a Cypriot army under the constitution with the demand that the Greek and Turkish Cypriot units be separate. The Turks in the House of Repre- sentatives used the constitutional provision requiring separate com- munal majorities for tax proposals to throw out the ordinary tax bill. Under these circumstances it is scarcely surprising that the Greek Cypriots became unwilling to imple- ment equally constitutional provisions regarding local municipalities, that relations between the two communities rapidly deteriorated and that in November 1963, Archbishop Makarios put forward proposals for constitutional changes. These were moderate enough to attract the support of Sir Arthur Clarke, the then British High Commissioner and even Dr Kutchuk did not at once reject them. It was Ankara which did so—and shortly thereafter the com- munal troubles broke out.

That even moderate Turks accept some of the blame for the break- down of a constitution is borne out by a letter to the Istanbul daily *Milliyet* (May 13, 1964) by former Turkish Ambassador to Cyprus, Mr Dirvana. He accused Mr Denktaş of having been uninterested in the economic, social and cultural de- velopment of the Turkish com- munity despite the existence of ample funds and the independence of the Turkish chamber. "For months I tried in vain to persuade Mr Denktaş to concentrate on this area. . . But Mr Denktaş did not care about such things. He was only interested in quarrelling with the Greek Cypriots, often purpose- lessly."

Yours sincerely,
JOHN STUART,
26 Kensington Park Gardens, W11.

LETTERS TO THE EDITOR

From the Chairman of the Civil Aviation Authority

What of Mr Shore? First there were his performances on television and at a press conference after the Court Line failure had been announced. That a Minister should bluster and bluff a little to get himself off the hook is predictable, but that he should speak in manifest ignorance of the facts and spread despondency is another matter.

I am a director of the TOSG (Tour Operators Study Group) Trust Fund which called in the Horizon and Clarksons bond and which is now administering the disposal of £3,326,000 in the interest of clients of those companies. Even while we were meeting to decide best how to do our job, the Government's response and to do it sufficiently economically to have money over for refunds—we had the astonishing experience of switching on TV and seeing Mr Shore suggest that he was organizing rescue and also expressing the alarming fear that people who had paid and not travelled probably would not get their money back. No doubt Mr Shore then went home to bed. We stayed up all night to do the job. Needless to say, it was Mr Shore who got the misleading and demoralizing headlines next morning.

At a press conference last Friday, Mr Shore muttered threats about ensuring that travel firms were sufficiently bonded in future. He must have known that he was presiding over a failure in the case of Court Line which was nobody's responsibility but his own. The fact is that while the Horizon bond may well be sufficient to repatriate and reimburse all clients the Clarksons bond may only repatriate and par- tially reimburse the holidaymakers. The Government required a strengthened Horizon bond during that company's troubles last January but (with Mr Shore in charge) neglected to do so when Clarksons went sour in June. Worse still, I understand it is likely that due to an administrative error committed under the aegis of Mr Shore there may be no bond in existence for Airfair, the Court charter subsidiary which has clients stranded in America and others who have advanced money for travel.

The question now is: are the surviving travel firms (many of whom, by definition, are seeking to suffer financial pressures from Whitehall to cover up the past failures of Mr Shore?) Perhaps the most serious question of last week is whether Mr Shore was informed immediately he re- turned to his desk on Tuesday that Court Line was insolvent, and if so, how he could justify any delay in an announcement even if only for 48 hours. It may be justified (marginally) for directors, bankers, suppliers and other creditors to struggle for a limited period to sus- tain a sinking company in the hope of a constructive outcome; but it surely must be given a different name for an elected holder of public office under the Crown.

What, I wonder, are the thoughts of any constituents of Mr Shore who may have advanced to Court Line during the period of the insolvency of that company? Yours etc,
STEVENSON PUGH,
Pitt Cottage,
Cadeleigh,
Devon.
August 18.

From Mr R. S. Byerley
Sir, The people engaged in all branches of the travel industry have an innate resilience to catastrophe and disaster. Strikes, epidemics, wars and revolutions are accepted as occupational hazards and holi- days are re-arranged instantly with minimum disruption and disappoint- ment to the public.

I have worked in the retail side of the industry for 18 years and any respectable travel agent is acutely conscious of his responsibility when the annual holiday is entrusted to him, and the subsequent heartache should something go

From Mr H. Sabath
Sir, I refer to the collapse of the Court Line. I am one of the no- doubt many who have paid for their holidays after the Government had acquired the shipbuilding interests of Court Line and led us to believe that the leisure division of Court Line will now be sound.

I read in today's (August 16) press that the Court Line asserts that at the time "it was expressly stated that the group could not give the Government any assurances that the aviation and leisure divisions could in fact complete their 1974 summer programmes".

If the Government had made this public, I (with many others) would have not effected payment to Horizon and I feel that a responsibility lies on the Government for its omission to warn the public at large.

Yours truly,
H. SABATH,
41 Mendway,
Golders Green, NW11.
August 16.

Drumbe and after
From Mr W. S. G. Macmillan
Sir, It seems that Loch Carron has at last escaped the frying pan of an industrial site at Drumbe, only to risk falling into the fire of another at Kishorn.

Loch Kishorn is a delightful and unspoilt backwater off Outer Loch Carron, with seaward views across to the Red Hills of Skye. Its situation is more magnificent than that of Drumbe, lying as it does at the foot of the spectacular eastern precipices of the Apperloss mountains, here almost 3,000 ft. It is also more remote, with land communica- tions much less good than Drumbe.

Remarkably little seems to have been heard of this proposal, at least in England, in comparison with the outcry raised over Drumbe. The Scottish Secretary proposes to hold no further public enquiry; let us hope that the wild beauty of Loch Carron may not after all be lost by default, for lack of voices raised in protest.

Yours faithfully,
W. S. G. MACMILLAN,
Knapton Old Hall,
North Walsham,
Norfolk.

Nationalization of shipbuilding

From Sir David Brown
Sir, The determination of Vosper Thornycroft Ltd to resist Mr Wedg- wood Benn's nationalization propo- sals has already received some notice in your columns. The recently pub- lished *White Paper, The Regenera- tion of British Industry*, seems to imply that the nationalization of the shipbuilding industry is a foregone conclusion. May I, very briefly, state some of the reasons why we feel so strongly about the issues in- volved and why we consider state control of naval shipbuilding would be against the best interest of our company and the country.

Exports are a Vosper Thornycroft's life blood; without them our volume of production must be drastically re- duced, with damaging results on the level of employment in our ship- yards and indeed on Britain's over- seas earnings. Export orders for naval craft have to be won in the face of intense international compe- tition. Such an environment is totally alien to nationalized industry whose natural element is a captive market.

Warship design and construction, in which this company specializes, is an immensely complex activity, and quite a different business from merchant shipbuilding. Vosper Thornycroft is one of three warship building companies recognized by the Ministry of Defence, but the Ministry requires only 50 per cent of their combined output for the Royal Navy. This leaves 40 per cent of the total warship building capacity of the country looking for export work. Because the other warship builders are in development areas, orders if we formed part of a National Shipbuilding Corporation. There are two principal reasons.

First, we know that many of our overseas customers prefer to have firm commercial contracts, which are clearly enforceable at law, with private companies rather than to try to operate on a government-to-government basis.

Secondly, it is vital in securing warship contracts abroad to be able to come to quick decisions (by which I mean within a few hours at most) on major technical or financial matters. Our customers, in dealing with government departments indicates that such quick decisions could not be forthcoming from a government body controlling the industry. It is also by no means evident that a temporary political victory would make wiser long term decisions than an experienced board of directors.

I believe, therefore, that national- ization would bring for Vosper Thornycroft a grave risk of declin- ing orders, both home and overseas. It is no exaggeration to foresee this leading in two years' time to what is now the only major shipbuilding organization on the south coast—an organization which our people have worked so hard to build up and in which I take great pride. It is for these reasons that I believe national- ization would be particularly damag- ing to us.

Yours faithfully,
DAVID BROWN, Chairman
Vosper Thornycroft Ltd.
Paulsgrove,
Portsmouth.
August 17.

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From Mr S. T. Charles
Sir, We are all indebted to Sir Harold Evans for his reminder (August 15) that cricket is "a game designed to be played in the open air".

I remark, as the scion of Welsh Hill farmers, that the same point is no less true, the world over, of the graver game of agriculture—a point more often than not overlooked by present day society.

Yours faithfully,
S. T. CHARLES,
2 Gerard Road,
Harrow, Middlesex.

Cricket and farming

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London Foreign Exchange Market



Mason Edwards

Stability prevents monetary collapse

by Westlake

It was the series of public disclosures of losses from the Union Bank of Switzerland, the Franklin National Bank in the United States, and the Westdeutsche Landesbank Girozentrale and I.D. Herstatt in West Germany—that finally brought home to foreign exchange dealers and their banks in all the major financial centres exactly how disastrous it could be to "take large positions" in foreign currencies.

The collapse of Herstatt in the early summer, as a result of currency speculation, was particularly upsetting. The level of currency dealing fell sharply. Some dealers estimated the turnover in the weeks after the Herstatt debacle as only a quarter of the level seen during the preceding weeks.

This whole lugubrious episode contrasted bitterly with the profitable years that had gone before.

When the main industrialized countries conformed to the International Monetary Fund rules and maintained their currencies at fixed parities within narrow bands, and the central bank was obliged to purchase its own currency on an almost unlimited scale to support its external value, it was an uncommonly inept speculator who failed to make a profit from any ultimate change in the exchange rate.

The series of exchange rate changes from 1967, particularly the realignment of currency parities in December 1971, enabled speculators to make handsome profits equivalent to many billions of dollars. Naturally, there has been little public acknowledgment of this by the banks and companies concerned, and evidence is therefore scanty.

In an attempt to make life more difficult for the speculator and increase the potential risk of "running a position" in the currency markets, the monetary authorities agreed at the time of the realignment to widen the margin of fluctuation between currencies from 1 per cent either side of parity

(giving a total 2 per cent band) to 2½ per cent (4½ per cent band).

But the big change came with the floating of the major currencies in March 1973, after the second devaluation of the dollar. Although central banks still managed their currencies, in the sense that they tried to contain the more excessive exchange rate movements, and, additionally, a group of European currencies continued to float together in a block, thus maintaining a fixed margin between them, the actual element of risk for the speculator increased substantially.

As first sterling and the lira, and later the French franc withdrew from the

European joint float, so this risk grew. No longer was there any certainty that a central bank would defend a given exchange rate; and the speculator no longer had a fixed point to push against. The extent that currencies were then able to fluctuate against each other was exemplified by the change in the dollar relationship with the mark. Between April and July 1973, the dollar fell over 20 per cent against the mark, only to rise in the following six months by about 26 per cent.

That life is more difficult for speculators and multinational companies dealing in currencies is unlikely to cause much regret outside those institutions directly involved.

But the broader consequences of this changed environment are much greater. For the overseas investor, the exporter, and the currency dealer conducting the regular business of matching buyers and sellers, the new regime posed potentially considerable problems. The currency markets are not an end in themselves. They are there to serve commerce and investment, and it is the effect of the floating regime on these functions that matters ultimately for the orderly running of the world economy.

The evidence suggests that foreign trade has not greatly suffered. Indeed, it reached record levels in 1973. If it declines this year, that will

be the result of the general downturn in economic activity throughout the industrialized world, rather than the failure to stabilize and reform the international monetary system.

There can, however, be no doubt that the chaotic conditions to which the foreign exchanges have been exposed over past months have been a severe test of the skill and competence of the currency dealer and the resilience of the market institutions. When currencies can rise and fall by several hundred points in the space of two telephone calls, losses can be suffered even before a deal is complete. Many people both inside and outside the market believe this to be

an unsatisfactory situation which must shortly be brought to an end. Yet it is difficult not to conclude that—in spite of the difficulties faced in currency dealing rooms—only the inherent flexibility of floating exchange rates has prevented a collapse of the world monetary system. The floating system has absorbed large fluctuations during 1973-74, in the face of great pressures, which would have broken the back of a fixed and rigid system.

This is conceded by most of the advocates of a return to prescribed parities. It is widely accepted that any reformed monetary system would have to be more readily adaptable to changing international circumstances. The solution is seen by many people as "fixed but adjustable"—or "adjustable but fixed"—rates—depending on where they put the emphasis.

But there can be no certainty that even a monetary system recast along these lines could cope with a repetition of the exchange rate surges started by quadrupling of the world oil price. It is for this reason that any hope of an early, thorough, reform of the system has been abandoned, and the International Monetary Fund's Committee of 20, under Mr. Jeremy Morse, which for almost two years struggled to find a basis for such world monetary reform, has been wound up.

The problems of world inflation and higher oil prices had made it impossible to negotiate the kind of full reforms envisaged when the committee

started its work in September 1972. The fact that, among the recommendations ultimately made by the committee were the so-called Guidelines for the Management of Floating Rates, indicates clearly that floating exchange rates are officially expected to remain for some time to come.

These guidelines are intended essentially to provide the basis of a dialogue between the International Monetary Fund and its member countries and are termed guidelines rather than rules to indicate their tentative and experimental character. Consisting only of general principles for official intervention in the market, they are aimed at promoting exchange stability, maintaining orderly trading, and avoiding competitive exchange rate alterations.

This at least provides some framework for foreign exchange market operations at the international level, but does little to steer either the humble exporter or the currency dealer through the difficult and seemingly un-navigable shoals of the floating rate system.

In this context, the recent bank losses will serve as an important discipline on those who participate in the market. The greater caution that this will instill into currency traders of all complexions may reduce the volume of trading, and therefore produce a narrower and less volatile market, but it will not universally be viewed as wholly out of place in the present difficult times.

Forward dealings can be abused but system greatly benefits international trade

by Guy

ago the opponents of forward dealing claimed that one of the main reasons why it would be abused was that it would allow a speculator to make a profit from a change in the exchange rate. In the claim earlier this year, *The Economist* stated that "the anti-forward dealing movement is now being vindicated by the dealer's view that years the forward market has become a place where speculation is advanced to the point of those who are involved in international trade. Much of the forward market is now being used for speculation, and this is a danger to the stability of the forward market."

Foreign exchange is not a game, and it is a computer

sive gambler with a reckless view on the future performance of any currency but because the rates are an accurate reflection of the current international interest rate structure. (Thus, for example, if one currency's interest rates are higher than another's then the first currency will be at a discount to the other in the forward market.)

It is evident that both foreign banks and private individuals have used the forward market for speculative purposes but that speculation in itself has had a minimal effect on the overall trading in the forward markets. It would be a great mistake if the abusing of the market were to result in a decline of the ability to deal forward.

The obvious solution would be for all central banks to limit the outright exposure which their domestic banks may take when estimating the performance of their own currency against another currency, and indeed between two external currencies.

British banks have for many years been severely limited in their exposure so far as sterling deals are concerned and I expect that this control will be extended to cover "cross" currency (non-sterling) dealing.

In the environment of floating rates international traders have found it increasingly useful to use the forward markets as a means of covering their future currency commitments. Their profits are covered in advance, already without running an arbitrary responsibility of the finance director. Indeed, a large number of the multinational companies have now created their own foreign exchange dealing rooms to rationalize their currency requirements. The increasing complexity of commercial operators has in turn meant an improvement in the service which they obtain from their banks so far as both advice and competitive quotations are concerned.

These demands are not without dangers for the banks through whom they are dealing. For many years banks have granted options to their commercial clients which naturally implies an element of risk. More recently there has been a demand on the part of companies to cover their specific forward dates in which there are no immediately available market quotations.

Faced with the need to supply a quotation for four and a half months forward the dealer may calculate what the rate should be but he is unlikely to be able to cover that date himself in the interbank market. He therefore has to decide whether to cover four or five months forward or, if there should be no interest in those periods, whether to cover three or six months forward.

Thus the currency requirements are covered in advance, but not in time with the obvious danger that the cost of covering the period outstanding between the date for which the client covered and the date at which the

bank covered proves more expensive than expected. Nevertheless the banks have been willing to provide this service to the customers' advantage and not only for such fairly short periods, as already implied, but for periods well in excess of one year forward and not only so far as sterling deals are concerned but also "cross" deals.

Long maturities and an increasing number of contracts raise the problem of a client's credit standing, and it is quite possible that the practice of banks requiring original and variation margin for forward contracts may grow rapidly. After all, and particularly in the wake of the Herstatt collapse, banks already undertake a rigid credit analysis of those with whom they deal in the interbank market.

The scope for entering into forward exchange contracts has always been considered greater than that available for lending funds to other institutions on the basis that liquidation would mean the negation of outstanding ex-

change contracts and therefore the potential loss was restricted to the cost of covering a contract in a position at a possibly adverse rate. The closure of Herstatt during banking hours however proved that the potential losses can be much greater.

As a result of this reassessment of the market the incidence of deals not being closed because of a "limit" problem has become much higher and this has naturally disrupted the flow of business. But in time, although the volume of the markets may not reach its previous levels, the dealing will be on a sounder basis.

In addition to helping international trade, the development of the forward markets has also assisted in the growth of the international capital markets. Borrowers of dollars, if the supply of dollars is limited, have become accustomed to taking Swiss francs or Deutsche marks and simultaneously selling them spot for dollars and contracting to repurchase against a sale of dollars

on the maturity of the loan. This form of interest arbitrage may well produce funds at a cheaper rate than that indicated by the interbank market.

Occasions have arisen when those needing sterling for five years have found it easier and cheaper to borrow dollars, exchange those dollars into sterling and contract to repurchase the dollars forward rather than to bid for the funds in the interbank sterling market.

The facility of switching between different capital markets has been particularly important to the increasing number of companies which have negotiated rollover loans which at the maturity of each rollover have the right to decide whether to continue their borrowings in one currency or switch and borrow in another currency.

The growth of the forward markets has presented central banks with the option of a new style of intervention. Forward intervention by central banks used to be merely a corollary of inter-

vention in the spot market, an expression of confidence in the existing fixed parity. The Bank of England has recently shown that skilful intervention in the forward market resulting in the raising of the interest costs incurred through running bear positions of sterling can be as effective, if not more so, and indeed cheaper than the spot purchase of its own currency and the sale of reserves. Other central banks will follow in this use of the forward markets.

Central banks, international trading companies and those involved in the capital markets may all take advantage of the expanding forward markets. The benefits are obvious. The advantages are self-evident but it is surely naive to have expected such a rapid expansion without some problems.

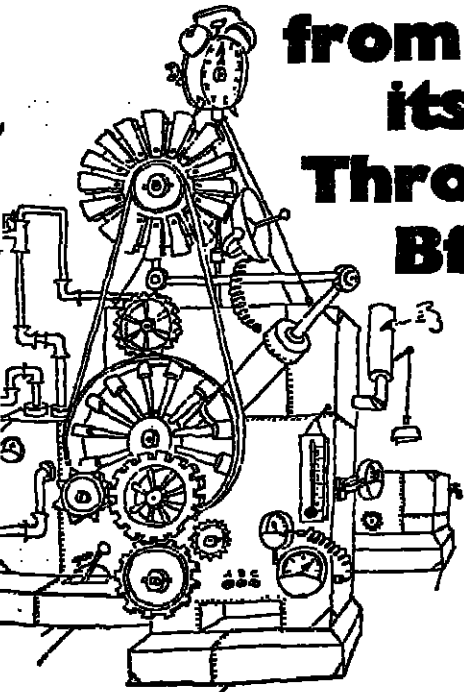
Outright forward positions have proved highly dangerous. Forward trading has occurred encouraged by inexperienced dealers and brokers, though the overall contribution to the market by the

brokers far outweighs their shortcomings, and the senior managements of many banks have not been sufficiently aware of the credit risks which their dealing rooms have been running.

All this is despite the fact that 1974 is by no means the first year in which some banks have had to take large losses in the foreign exchange market. In 1966 and 1967 there were substantial losses for some major international banks. More control will be exercised by banks internally and externally by the central banks but this must take place rationally, not in a state of panic.

For the moment the forward markets are in danger of going backwards. It would be very retrogressive if the skill and knowledge acquired in recent years was to be lost because of the period of uncertainty through which we are passing.

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European bankers hostile to City's reputation

by David Blake

The emergence of London as the world's undisputed financial centre in the 1960s relied on a paradox. At the same time as Britain's ailing economy required more and more stringent exchange controls to help to cope with balance of payments problems, the international activities of the City were allowed to expand with considerable freedom by the Bank of England.

This expansion has caused a great deal of the latent hostility to London that is felt by some of the centres which have sought, and are still seeking to challenge it, for the still unwieldy title of the financial centre of a united Europe. Bankers on the Continent have at times tended to feel that London has gone where it has by adopting the attitude that "you can do what you like as long as you don't do it in such a way as to hurt us in Britain".

But there are deeper reasons why London has assumed such an important role in Eurocurrency and in general foreign exchange markets. Only the Swiss, apart from the British, were able to maintain any continuity in their banking business through the war. For both Germany and France, which had thriving if limited overseas operations before the war, the period which ended in 1945 was a time of destruction.

This meant that when the great Eurocurrency boom came along in the 1960s most continental banking systems lacked the skill to cope with it. This was partly due to lack of experience and partly due to other factors.

In the case of Paris, for example, the whole structure of French banking was completely out of date. The centred far more on fulfilling the financial demands of long way to reassure the

French industrial expansion than on building up international business. This is no doubt at least to some degree explained by the fact that the country's three largest banks are state-owned and have been consciously used to build up French industry. Although French balance of payments problems have on the whole been no more severe than those of Britain (and are now a great deal easier), the French have always been less willing to impose restrictions on foreign exchange transactions than has Britain and have taken less trouble to separate the domestic market from international markets.

This has meant that foreign exchange operations in Paris have been limited and have tended to be restricted to those required in connexion with French needs of foreign currency for investment or foreign trade and foreign needs of francs for investment in France.

Last year, as Britain entered the EEC, there was a flurry of anxiety in Paris about the dominant role built up by London in international markets. The air was full of grandiose schemes for making Paris a major competitor to the City, with the full panoply of services. Somehow these do not seem to have come to anything.

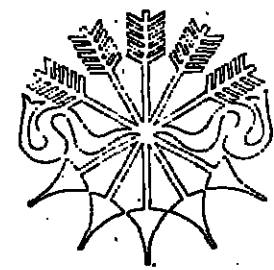
Paris is still a fairly small-scale competitor and in the troubled state of the world's money markets probably feels rather less worried about this fact than it did. There is also no doubt that French ambitions to build up Paris as an important financial centre were at least in part associated with a slight sense of insecurity about how important a role the United Kingdom would play generally inside the EEC. The first 18 months have gone a long way to reassure the

French that Britain is not going to dominate it. If the Paris foreign exchange market has suffered from too much regulation, the market in Frankfurt has probably suffered from too little. Until a few years ago West Germany had no foreign exchange controls at all. Foreign currencies could be bought and sold freely, and banks could engage in forward transactions on the market without notifying the Bundesbank, and could risk as much as they liked in such deals. This was in sharp contrast to the situation in London, where a close watch was kept on all transactions.

Although the lack of restriction has allowed Frankfurt to expand its foreign exchange activity rapidly in the past few years, it has also increased the risks. This has been particularly true since the introduction of a system of floating exchange rates, which leaves speculators in foreign exchange markets at risk to lose large sums of money if they take part in large-scale transactions.

Floating rates have resulted in a much larger turnover in foreign currency markets, and German banks have been among the leaders, gaining some disapproval from the Americans, for example, in the process. For some of the big members of the German banking community the foreign exchange markets have brought much needed earnings at a time when the domestic banking scene was difficult. But for others they have resulted in heavy losses and for one, Herstatt of Cologne, in bankruptcy.

The collapse of Herstatt, brought about by large foreign exchange losses, has cast a pall over the whole foreign exchange market in continued on next page



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Overseas banks find status is costly

by Christopher Wilkins

Business is turning sour on Britain's foreign banking community. Many of the banks which rushed headlong into London as it emerged as the world capital of international banking are now seriously asking whether they ought to go home again.

Such questioning is not new. It was to be heard during 1972 and 1973 as well. But that was before Britain ran into its fringe bank and property crises and before the more recent retrenchment in the foreign exchange and Eurocurrency markets. With such additional problems to cope with, only the matter of prestige can be keeping some of the banks here.

Far from an outward trend developing, however, the direction is still towards yet more banks opening in London, albeit at a much more subdued pace than during the past decade.

In 1960, the foreign banks in London numbered 77. By 1970 there were more than twice that number and by the end of last year the total had risen to about 230 banks directly represented. A further 50 were indirectly represented via shareholder interests in consortia banks. Since then several more banks have opened up.

With such a glut of banking capability in one

financial centre it was only to be expected that some would find the competitive pace too hectic to justify the heavy cost of maintaining a presence, particularly in the cases of those banks which chose to mount expensive branch operations.

Most of the banks wanted prime locations as close to the Bank of England as possible, and as a result such pressure has been brought to bear on rents within the Square Mile that they are now among the world's highest.

Ten years ago office space was available in the City for about £3 a sq ft. Now it is reckoned that rents for good quality banking premises are in the region of £20 to £25 a sq ft, although it can vary widely with proximity to the Bank. In the case of banking halls rents are even higher, recent estimates for prime space being as high as £40 to £50 a sq ft.

Other costs have also been soaring, not least that of housing bank executives in some of London's most expensive residential areas. Against this corporate tax, up by 25 per cent last year, was raised by a further 4 per cent in the March budget, when the Government also unveiled proposals for a major increase in the levels of personal tax on foreign nationals resident in Britain.

Subsequent modifications to these plans have not done much to ease the blow. At the same time, foreign banks have been finding that much of the business which justified establishing a London operation in the first place has become progressively more difficult and less profitable.

A number of foreign banks, for instance, have been caught badly in the shake-out of British property values, many of them having extended substantial loans to property developers

during 1972 and 1973 when values were hitting a peak from which they have since fallen. Others have suffered heavily from trading in the Eurobond market.

More recently, they have suffered from the halving of foreign exchange business as speculators pulled out of the market in the wake of a series of disastrous banking losses.

The most crucial problems, though, have arisen in the medium-term lending side of the Eurocurrency market. Its development since the mid-1960s, centred mainly in London, has been the main reason both for the influx of the foreign banks and, latterly, for their discomfort.

As the rush to participate in this expanding market gathered pace, however, the competition between banks to lend at a time when deposits were freely available resulted in borrowers forcing down the interest rate spreads they paid over interbank rates—the rates at which the banks themselves could raise deposits.

During 1972 and 1973, spurred on by a massive increase in Japanese banks' participation in the market, the spreads to many of the better risk borrowers came so low as to leave little meaningful profit after overheads. Even relatively high-risk borrowers were successful in raising funds at ever lower spreads.

The inevitable outcome was that although the scale of business transacted continued to grow at a hectic pace, profit margins came under pressure. Governor Brimmer of the Federal Reserve Board made the point explicitly last year in a study which showed that the London branches of American banks in 1972 achieved a lower return on assets than the home operations and hence were a drag on their parents' profitability. In that respect 1973 was a tougher year still.

In 1974 the problems have been of a rather different sort. After a heavy spate of lending at fine rates in the first two or three months of the year, margins began to recover. The loan demands of oil deficit nations soared and the withdrawal from the market of the Japanese banks, almost overnight helped to strengthen the banks' lending position.

But just as the outlook appeared to brighten the failures of Franklin National Bank and Herstatt Bank cast a new cloud of uncertainty over the Eurocurrency market. Against a background of depositor uncertainty, many smaller banks found it harder and more expensive to raise deposits. Some have been forced to restrict the scale of their operations sharply.

An indication of what overall impact these developments could have on the market can be gathered from Morgan Guaranty Trust's recent forecast that, after expanding by almost 20 per cent in the first four and a half months of the year, the overall Eurocurrency pool is likely to be static or declining in the second half.

Important though the Euromarkets have been to most foreign banks, however, they have by no means provided the sole rationale for a London operation.

As a financial centre London's freedom from restrictions remains unsurpassed. It is significant that the removal of the United States controls on overseas investment in January have not visibly resulted in a flight of business from London to New York as some expected. There may yet be a more noticeable shift of emphasis in the direction of New York, but most bankers are convinced that London will continue to thrive.

Automation comes swiftly

by Gordon Fraser

The large-scale adoption of electronic data processing methods planned for the next few years could be the biggest influence on the handling of foreign exchange transactions since the introduction of the teleprinter.

The organization behind these changes is Swift (Society for Worldwide Interbank Financial Telecommunications), a co-operative, non-profit-making body whose shareholders include 239 major European and North American banks. It was set up to provide members with their own private telecommunications network to relay details of payments, transfers and statements.

Scheduled to start at the end of 1976, the Swift network will replace traditional methods of handling international payments by mail and telex. Its system of connecting international communications lines will be based on two major switching centres in Amsterdam and Brussels together with message "concentrators" in 12 national communications centres.

Logica, the United Kingdom telecommunications firm which has been responsible for the design of the network, says that banks will have access to Swift through public telex terminals, through Telex units or by computer. The network will then be able to service the wide range of banking organizations among its subscribers.

Although not every bank is a member of Swift, its designers maintain that well over 90 per cent of all foreign exchange traffic will be handled by the network.

The communications system is designed to cope with 23 messages each second, but this can be increased as the system grows and it is estimated that by 1980 250,000 messages could be dealt with every day.

To make maximum use of such a powerful communications medium, it is important that a standardized method of communications is established so that all subscribers use the network in the same way. Detailed agreement has been reached for sending details of customer transfers and bank statements and agreement is also imminent on a standard for foreign exchange confirmations.

It is important to note that Swift is not intended to be a dealing system. Although the network is being designed to carry large volumes of traffic, it uses the store and forward technique in which messages are held in the system until the destination terminal is accessible.

In this way, banks equipped with a variety of different speeds of operation can communicate with each other, and messages can still be transmitted even if the destination terminal is busy. A dealing system, on the other hand, would require the immediate responses of an interactive system.

With such a large communications potential, Swift's designers say that it is important for each subscriber to automate as many aspects of his own operations as he can to get maximum benefit from the network.

However, Swift provides no data processing power except that needed to operate the store and forward communications system, so the network cannot handle the reconciliation of customer

accounts or the settlement of international payments.

But it still provides a communications medium through which these operations could be accomplished automatically, and this has prompted both individual banks and computer specialists to design computer systems to take care of additional aspects of foreign exchange operations.

Most of the present wave of automation in the foreign exchange market is geared to increasing the efficiency of communications, accounting and payments handling.

but one major manufacturer reports the use of a computer as a management science aid for spotting complex arbitrage situations where dealings are separated by time, distance and interest rates.

The overall picture that emerges is one of a market which not so long ago was using nothing more complicated than telephones and pieces of paper but which is now turning to some of the most advanced telecommunications and automation systems to be found in any area of commerce.



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French ease capital investment curbs

Paris, Aug. 19.—Regulations governing investments by French residents abroad or foreign investors in France have been relaxed to allow transactions up to specific amounts without prior official authorization, the *Official Journal* states today.

In the case of French investments abroad, transactions concerning purchase or sale of interests may be made for up to a total of 1m francs (about £84,000) a year for each foreign company affected by the investment.

French investors may conduct a number of operations affecting separate foreign firms without prior authorization, providing the individual amounts concerned do not exceed the stipulated figure. However, total investment by French interests in a foreign firm cannot exceed 1m francs without prior French authorization.

Regarding foreign investments in France the total amount of the investment must not exceed 2m francs per annum per French firm affected if prior authorization is to be waived.

Foreign investors are able to conduct a number of such operations concerning different firms but individual French firms remain subject to the 2m franc limit.

The ruling governing foreign investments in France is restricted to a specific list of transactions. In addition, such investments must be financed through sale of foreign currencies or through use of a non-resident bank account.

Cold weather puts corn harvest a week behind

Cold weather and rain has put Britain's corn harvest about a week behind, according to the Ministry of Agriculture's weekly crop report.

Some deterioration in the quality of wheat and blackening of ears has been reported from the South-west, South-east and East of England.

The winter barley harvest is practically complete and should show an average yield. But with the spring barley harvest delayed by rain there are reports of damage by lodging and secondary growth.

Delay could also mean that some spring barley crops could come to harvest at the same time as winter wheat, causing peak time work for farmers.

In the upland and hill areas of the South-west and Wales, hay-making continues to be difficult and prolonged. The quantity of hay available next winter will be below average and quality is low.

Shortage of diesel engine parts opens way for truck importers

By Clifford Webb
A serious shortage of diesel engine pistons and rings is restricting production of commercial vehicles at a time when British motor manufacturers are attempting to stave off the biggest-ever "invasion" of their home market by imported trucks.

These imports have expanded by 50 per cent in the past six months.

The shortage is so acute that these components are being imported from Germany, France, Brazil, Mexico and the United States. Purchase teams are also trying to negotiate supplies from Eastern Europe and Japan.

Mr Ron Ellis, managing director of British Leyland's truck and bus division, told *Business News*: "The piston situation is quite desperate. It is causing a bottleneck in diesel engine assembly which in turn restricts the number of trucks we can produce."

"We are losing sales to imported trucks simply because we cannot deliver the goods. I am bringing in some piston supplies from Germany, but not enough to fill the gap."

A spokesman for Perkins, the big Peterborough diesel engine manufacturer, said last night: "We are desperately short of pistons and rings, with pistons the more critical of the two. This is holding up production of some types of engines."

"We are now importing pistons from Brazil and France and rings from France, Mexico and the United States. We are actively developing additional sources in Germany and the United States and investigating the potential in Poland and Japan."

Associated Engineering—through its Wellworthy subsidiary—had a near monopoly of diesel piston and ring supplies in the United Kingdom until the present shortage.

Truck manufacturers said last night that AE was unlikely ever again to be in such a dominant position because overseas suppliers now filling the gap would expect to retain at least a minority share of their piston supplies.

Mr Colin Hopworth, chief executive of AE, said last night that since 1972 world diesel engine production had exceeded industry forecasts. British output of components had not kept pace with this boom, mainly because of labour shortages.

Wellworthy production was being increased by using capacity which had become available as a result of reduced car output. In addition, a new aluminium foundry in Waterford, in the Irish Republic, was coming on stream.

Mr Hopworth said that Wellworthy had turned down "a number of valuable export orders" to maintain the highest possible level of supplies to existing companies.

As reported in *Business News* on August 1, truck manufacturers are also suffering from a serious shortage of heavy duty tyres.

A serious recession now almost inevitable. This was the main conclusion of yesterday's *Monetary Bulletin*, published by W. Greenwell & Co, the respected firm of stockbrokers.

Greenwell argues that the sharp increase in the money supply in August was attributable to special factors and does not foreshadow a change in monetary policy.

The bulletin was also critical of the Bank of England's policy of gilt-edged sales. It pointed out that the public sector was currently borrowing considerably more than it needs from the private sector. In this way it was "preempting finance that is desperately needed by the private sector itself."

Although all manufacturers sell rival products in their retail outlets they place special emphasis on their own brands by offering bigger discounts.

Mr Derek Peaker, deputy managing director of ATS, said last night: "This will substantially increase our share of the retail market and is in line with our policy of continued expansion."

Against a background of depressed tyre sales such a move has much to commend it.

Nevertheless, the sale of an entire chain is an important departure for a tyre manufacturer and completely against the trend of recent years, which has seen tyre companies battling to obtain direct control of the replacement market.

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Motor trade turnover up 11 pc in June quarter

By Edward Townsend
Britain's motor dealers and garage owners are experiencing some recovery in trade since the period of depressed sales noted at the start of the year.

According to figures released yesterday by the Department of Industry, total turnover in the motor trades in the second quarter of the year was 11 per cent up on the same period of 1973.

Sales of new vehicles in the three months to the end of June, however, were only 4 per cent higher than a year earlier while used vehicle sales rose by just 2 per cent.

The increased turnover came from sales and receipts of other items, including petrol, oil, tyres, spares and accessories, servicing and repairs. These pushed the total up by 22 per cent, mainly reflecting the higher cost of petrol and oil.

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BAT subsidiary invests in Brazil pulp mill project

British American Tobacco's Brazilian subsidiary is to have a major stake, possibly rising to almost a third, in what will be the world's largest pulp mill.

A total investment of \$340m (about £142m) is planned and the development, which will provide 2,000 jobs, includes the mill, a residential village, roads, harbour and water facilities on a site in Espirito Santo, 250 miles north of Rio de Janeiro.

Annual output is expected to be about 400,000 tons when the mill is in full operation early in 1977. The project should yield receipts, according to BAT, of \$140m a year.

A forest of 80 million eucalyptus trees within a radius of 20 miles of the proposed mill will be used as raw material.

Business appointments

Sir Denys's successor at Trust and Agency

Mr G. L. C. Touche has been appointed chairman of Trust and Agency Co. of Australia, in succession to Sir Denys Lawson who has retired from the board.

The board has asked Touche to undertake the management and administration of the company subject to contract.

Mr H. W. A. Francis, vice-chairman of Tarmac and chief executive of the group's construction activities, will become the company's managing director (operations) on September 2. He will remain vice-chairman.

Mr R. H. Butler, at present director of Docks, Port of London Authority, becomes docks adviser, with special responsibility for advising on operational improvements until his retirement at the end of March 1975.

Mr John Black becomes director of Tilbury while continuing his association with the Mapiin Seaport. Mr John McNab, at present managing director of P.L.A. (Thames) Streetworks, becomes director of Upper Docks.

Mr Noel Ordman, will be assistant director-general with responsibility for Mapiin Seaport. Mr Frank Robinson, at present commercial manager, Mapiin, becomes manager of the Mapiin Unit, responsible to Mr Ordman. Mr P. G. Hutchins, at present director of Planning, becomes planning adviser.

Mr S. T. Graham, a chief general manager of Midland Bank, is elected chairman of Midland Bank Insurance Services in place of Mr C. E. Trotter, who has retired from the board. Mr G. W. Taylor, an assistant chief general manager, and Mr D. W. C. Kitching, a general manager of Midland Bank, have become directors of Midland Bank Insurance Services.

Mr Robert H. Kesteven, former assistant vice-president, has been elected vice-president at the London branch of Security Pacific Bank.

Mr Peter Creighton has been appointed a director of Dimplex Industries.

Mr John Swanborough, managing director of Avon, and Mr Alan Craig have been appointed as additional directors of RFD Group.

Mr Keith Summerfield, director of the British Gas Corporation's international consultancy service, has been appointed by the corporation as deputy chairman of its east Midlands region "Emgas".

Sir Anthony Percival has been named chairman of Fisheries Development, a member of the Aulbourn Latham Group.

Mr J. E. Englewood has been named managing director of Rascal Slough Ltd. He succeeds Mr D. A. Webb who was recently promoted deputy chairman.

Mr R. A. Gibb is now marketing director of Barry Staines.

Mr S. F. Buckland has joined Bank of America International as a senior manager in charge of money operations.

Mr T. W. Hudson has been appointed chief executive of Hampton Trust.

Senior Antonio Araujo has been appointed managing director of Turavia International Holidays.

Mr Charles E. Williams has been named as First National City Bank's representative in Norway.

Mr David Scobie, a director of Kentonk and formerly general manager of the firm's woodwork and dry rot division in Scotland, has become director in charge of the division's services throughout the United Kingdom.

Two new board appointments announced by Kings Town Engraving Co are: Mr D. Everett as works director, Hildon division; and Mr R. T. Parker, works director, letterpress.

Historic movement among engineering institutions

From F. A. Sharmar
Sir, News is filtering out of historic moves by the three "big" engineering institutions. At long last the talk is of forming a single body, in which all engineers would enroll, and which through the medium of the present learned societies and other bodies would ensure that all the needs of the individual in his professional capacity would be met.

Clearly this could be an enormous advantage for the engineers themselves. Instead of 15 different chartered institutions (civil, electrical, mechanical, chemical and so on), loosely bound together by the Council of Engineering Institutions, partially, obscurely and fragmentarily representing perhaps 130,000 individuals whose minimum qualification is equivalent to a university degree, there could be one great, strong, rich cooperative enterprise, comprehending up to 500,000 people on whose careers the whole of British engineering rests.

The benefits of size and recognizable identity can soon be seen by the potential members to be overwhelmingly greater than the difficulties of adjustment which the proposed skirting of this long overdue treaty of fraternity.

The Bank of England has granted the authority to some institutions to trade as "full" banks, and as such these banks are required to adhere to banking controls, such as capital/deposit ratios and reserve requirements.

These banks, regardless of size, are also required and trusted to enforce exchange control regulations on their customers and to put into practice any directive from the Bank of England on credit control.

If an institution however small, is expected to act under the direction of the central bank in times of plenty, it can and does expect the central bank to fulfil its role, either directly or indirectly, as the "lender of the last resort" in times of scarcity.

Where are our manufacturers?

From Mr K. Dawson
Sir, On return from a short shopping expedition last Saturday, I was struck by the most English of townships, Watford, my wife and I were staggered to discover that a list of our purchases, bought completely at random, read as follows:

Item	Country of Manufacture
1 shirt	Holland
1 pair man's trousers	Holland
1 pair jeans	Portugal
1 belt	Canada
1 pair shoes	Spain
1 pair sandals	France

1 pair sandals: Italy
1 pair pilmsolls: Pakistan
This may not be a record although one may be entitled to hope that it is in the light of the country's adverse balance of trade situation. It is pertinent to ask however, what our domestic manufacturers are up to, neglecting on this evidence what I would have assumed to be a large and easy home market in basic consumer goods.

Yours faithfully,
K. DAWSON,
11 Little Hill,
Long Lane,
Chorleywood, Herts.

Intolerable daily fumigation

From Dr Ronald J. Hill
Sir, It is highly reassuring to learn that ICI and Imperial Tobacco are devoting so much effort towards making cigarette smoking less harmful to those who indulge. How many resources are they devoting to the production of a smoking mixture or substitute which is not harmful or unpleasant to those of us who find the constant fumigation of daily existence intolerable?

RONALD J. HILL,
203 Church Lane,
Scunthorpe,
South Humberside.

Reasons why shops won't show VAT cuts

From Mr M. J. Oakley
Sir, Your reporter Diana Codd today complains that most shops "still" show little effects from VAT cuts, and obviously expects them to do so soon. They will not, and for very good reasons.

1. The overwhelming bulk of shop goods are already at or below the manufacturer's recommended prices. Retailers are under no further obligation whatever to cut, or even maintain, the price of any goods of VAT cuts, and obviously expects them to do so soon. They will not, and for very good reasons.

2. VAT has imposed upon distributive trade hours of work, yet increasing profits compensate has been severely prohibited. Perhaps Geddies, who appears to have checked only a handful of items in a week, would like to change millions of price tickets overnight, without remuneration, after already doing a normal day. If he possessed anything even resembling a trade union (as distinct from the self-appointed in the Retail Consortium), his situation would be intolerable.

3. Some manufacturers concentrated their reduction onto a few lines, leaving the majority unchanged. This is very well, and some of the actually managed to cut the price of the details to their customers. At the other end of the scale there are small businesses whose source of manufacturers' recommended prices is the one guide published once a month and who otherwise know little about what such prices really are as the press-public.

4. Inflation of present proportions involves price increases anything up to 10 per cent at a time, but the ferocious competition in grocery trade that it is a weeks or months before increases on non-perishables effect. Many businesses will pass on the 2 per cent, or more, simply by leaving things at the old price for extra week. It is unfair that anyone running a business while business will have no accurate quantification of this effect, or for long explanations to people on the spot.

5. The imposition, with warning of VAT on contracts earlier this year, coupled with a shortage of packaging resulted in many items being too low a price on their own for several months. As who valued his custom was to charge more than the price, and retailers will raise the latest alterations as a better opportunity to recoup some of the legitimate profit of which they had earlier been deprived.

I recall hearing Mr. Haskins expect that if 2 per cent would be passed to the cost-of-living index, it shows once again how little Government understands the workings of the retail trade.

Yours faithfully,
M. J. OAKLEY,
168 Albert Road,
Stechford,
Birmingham B33 8UE.

INTERIM STATEMENT

J. Bibby & Sons Limited

Interim Report for the 26 weeks ended 29th June, 1974

	26 weeks to 29th June, 1974	26 weeks to 30th June, 1973	52 weeks to 29th Dec., 1973
	£'000	£'000	£'000
Sales	63,299	67,501	145,950
Profit before taxation	609	1,284	2,329
Profit from trading activities attributable to parent company shareholders	292	626	1,230
Dividend	1.4%	1.4%	4.482%

Notes

- The 1974 figures exclude the results of Cip-Zoo S.p.A. in which the Company's 53.2 per cent interest has been sold with effect from 1st January, 1974.
- An extraordinary loss amounting to £488,000 net of tax where applicable is excluded. The major part of this loss consists of the loss on the sale of the Company's holding in Cip-Zoo S.p.A. including the winding-off of the premium paid on acquisition of the holding.

Extracts from Mr. J. B. Bibby's statement to shareholders:—

The Group's trading results reflect the fact that many livestock farmers in the U.K. are now operating at a loss. Unless the present critical situation of the U.K. livestock industry can be retrieved, we expect the profits of both the Feeds and Seeds Division and the Farm Products Division in the second half of the year to be substantially lower than in the corresponding period of 1973.

The Edible Oils Division should make a profit for the year as a whole similar to that of last year and we expect our papermaking subsidiary, Henry Cooke Limited, to show a substantial increase in profit.

For the Group as a whole, profit for the full year will be lower than in 1973. Nevertheless, your directors remain confident in the Group's underlying strength and in view of the very good dividend cover which has previously obtained, feel justified in declaring the same interim net dividend—1.4 per cent—as last year.

Your Board took the decision to sell the Italian investment as part of its policy of concentration in areas of more satisfactory return. The Italian trading arrangement has been erratic for some considerable time and we believe that your Company will benefit from concentrating on consolidation and growth in the United Kingdom broadly within the four major divisional activities it retains.

J. Bibby & Sons Limited,
Richmond House, 1 Rumford Place,
Liverpool L3 9QQ.

HAROLD INGRAM LTD.

Substantial growth expected

Our 5th year as a public company has shown a good rate of growth and had we not had supply problems during the first half and the short working weeks in the second, the results would have been considerably better.

There would have been a substantial increase in dividend had there been no Government restrictions.

A pilot scheme has been set up to test the children's knitwear field. Initial reactions are favourable.

The value of orders in hand for the autumn season is the greatest in the history of the company and I see no reason why substantial growth should not take place in this half year.

Harold Ingram, Chairman

	1974	1973
Profit before tax	£730,445	£577,351
Profit after tax	329,399	331,021
Earnings per share*	10.6p	10.7p
Dividends per share†	2.22p	2.07p
* basic		
† net		

Harold Ingram
designers & manufacturers of knitted garments

Harold Ingram, Chairman

HAT GROUP LIMITED

specialist sub-contractors to the building industry

A year of rapid progress

Results for 12 months to 28th February:	1974	1973
Turnover	31,334	18,047
Profit before tax	2,011	1,270
Tax	819	367
Profit after tax	1,192	903
Profits retained	1,033	752
Earnings per 10p ordinary share	7.7p	6.4p
		(adjusted for corp. issues)

In his annual report to shareholders the Chairman, Mr. A. C. V. Telling says:—
"Our forward order books are larger in total than ever before."

"Unless the Government destroys the pent up industrial and economic power of this country by practising unproven ideological theories our trading profit in this current year could well be the highest in our history."

Copies of the annual report may be obtained from The Secretary, HAT Group Limited, 3 & 5 St. Pauls Road, Bristol, BS5 1LY.

HAW-BROOK

(Independent financial advisers)

Are pleased to offer a specialist financial and portfolio service for interested clients in international Diamond markets. Minimum investment level £10,000.

For confidential information Haw-Brook Financial Services Limited, 77 New Bond Street, London, W.1. 01-493 3321/2/3.

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J. Bibby & Sons Limited,
Richmond House, 1 Rumford Place,
Liverpool L3 9QQ.

BY THE FINANCIAL EDITOR

Question mark over the Woolworth dividend

WE are through the 200 sell, what does it feel like short answer is that it is a virtual paralysis. While on the other hand, the reaction to talk of equity now in a state of free clear that 200 is free more than a fairly psychological resistance of the stronger points have long since been for the main index that is leading shares held up reasonably far this year are also to look bad on the

the point comes when institutions say enough is anybody's faced with a scenario of small selling, de-jobbing and financial jitters. reaction to the Woolworth statement was more by the caution-struck as to whether a dividend would be rather than by the results. These, after for the awful first quarter profits slumped or cent (with at least a 30 per cent fall in the general retail

six months, then, we worth with a sales of 9.3 per cent and a profits falls of 28 per cent to costs rising -largely wages and id the expectation of a decrease in the second rest charges doubled to But this reflected the k level built up as a almost supply shortages higher unit value of rise. Stocks should near the £71m mark January, while liquidity being helped by reduced annual store moderniza- ramme from the usual units to 55.

antly, the group it is making progress move into audio and sure industry rules for appreciably better progress than would the case if it had re- with its traditional low lassware and crockery. intended to open at catalogue stores within few months. the dividend, a pre- of £31m is re- To drop to this level ear Woolworth made a 24 per cent setback e required in the clos- months. One should, make the point that parent requires income on balance, the odds in of the present yield of cent being maintained favourable with the £ 32p.

1974/75 (1973/74)
Net assets £123m
Borrowings £10.4m (£14.5m)
Pre-tax profit £1.83p (£1.75p)

h Property the

Property Corporation to publish an adjusted beer showing the effect solidating. Trizec Cor- its 66 per cent owned anadian subsidiary, is but not wholly ing. Trizec accounts for cent of EPC's gross nd is more highly than the rest of EPC. one side of the coin, fall in the borrowing deconsolidation.

aside the convertible, a percentage of equity falls from 70.1 er cent. However, the of the borrowings es not improve on de- tion. Out of total short wings of £102m, some ates to the non-Trizec of which £63m is in

sterling according to the annual report. EPC had, of course, some £90m of unused facilities at the £29.2m sheet date of which £29.2m appears to consist of cash balances outside Trizec. But there are no details about the £60m balance.

What EPC has not produced is a revenue account showing the effect of deconsolidating Trizec, or indeed the rest of EPC's overseas interests. It is difficult impossible to reconstruct a picture of United Kingdom cash flow from the latest accounts, yet without a clearer indication of spiralling interest rates since the last balance sheet date on October 31, it is hard to see the stock market's doubts disappearing overnight. In the meantime shares stand at 40½p, up 1p on the day, where they reflect understandable caution about the possibility of Eagle Star's 20 per cent stake leading to a bid in the immediate future.

J. Bibby
Caught in the commodity spiral

The halving of J. Bibby's interim pre-tax profits and the forecast of an overall shortfall this year reflect the impact of record high prices in commodity markets. An exceptional write off below the line makes the position look much worse and the stock market, being in no mood to differentiate yesterday, allowed the shares to fall 2½ per cent to 42p.

High world prices of cereals, oils and other commodities are hitting Bibby hard, both as a producer of animal feedstuffs and as a breeder in its own right. On the first score, the reduction in value, despite rising prices, tells its own story. The second factor is reflected in squeezed margins.

Egg producers (which includes Bibby) have found profit margins virtually non-existent since selling prices fell and feedstuffs prices rose. Feedstuffs prices have fallen in cost sequence. The only crumb of comfort here is that chick placings indicate that some producers are pulling out and that should raise the egg price again towards the end of this year.

Meanwhile the cost of financing extra working capital has pushed Bibby's borrowings even higher despite the £9m realization from the sale of the grocery division to Buitoni and, in the present trading climate, Bibby's gearing looks uncomfortably high. The £24m Clip Zoo sale proceeds will help reduce it, though only slowly over a two-year period. It is a one off exceptional loss on Clip Zoo that mainly accounts for the £48.0m deduction below the line, leaving an attributable loss of £196,000.

The guessing game on Bibby's earnings this year is hardly worth playing given the stock market's wider preoccupations and the shares will need all the support they can get from a

For every seller there is a buyer, as stockholders like to remind us at times like these. However, the major buyer of recent days has emerged as not entirely unconnected Philip Hill Investment Trust, which has been up to its stake from 17.5 to 17.9 per cent. Shades of the PFI, which decided in February to seek up much of the stock on offer in Keyser Ullmann, where it also was the major institutional shareholder. The trouble is that the intervening six months have seen such an indiscriminate erosion of confidence in financial institutions that attempts to buy shares in an out-of-favour company, or inject cash into it, have lost much of their power to impress.

PR gear change
Robert Dalrymple is to leave British Leyland after eighteen months of attempting to do the near impossible: to explain to the City that BL's notorious involvement in a notoriously unstable industry was a good investment after all. One of the ten shiny new PR men recruited by BL at the start of 1973 to polish up its public image, 31-year-old Dalrymple has in many ways succeeded in what he attempted. People he met in the City respected his honest approach to BL's situation, the way BL operates is much less understood now, thanks to him, than two years ago. Unfortunately, the oil crisis, strikes galore and an economic downturn have all worked against BL and after an outside

review of manpower the company has decided to trim the PR department. Realizing this, Dalrymple was the first to accept voluntary redundancy.

£100,000 appeal
An attempt will be made tomorrow to revive the National Institute of Industrial Psychology, the learned body which managed to combine research with practical advice to industry for 50 years before falling prey to financial difficulties last summer.

At its peak, the institute had a permanent staff of about 50 scientific officers, but by last August, when they were 30. Since then the institute has existed in a state more than name. Its director, Dr Richard Buzzard, deputy director, Dr Isabel Blain, an accountant and secretary, have been sheltering under the wing of the North East London Polytechnic while they tidied up a few loose financial ends and sorted out which of the institute's papers could be added to its impressive library.

But the regular inquiries from firms have convinced Dr Buzzard and Dr Blain that there is still a need for the sort of service to industry the institute used to provide, and when we spoke to Dr Blain she had just dealt with six inquiries. They were mostly requests for vocational counselling, advice on personnel selection courses or

yield of around 151 per cent and from Tiger Oats's 25 per cent stake.

Interim: 1973-74 (1972-73)
Capitalization £134m
Sales £63.6m (£67.5m)
Pre-tax profit £0.61m (£1.28m)
Dividend gross 2.05p (2.00p)

Beyer Peacock
An expensive three months

Whether Beyer Peacock's figures for the 15 months to March 31 provide enough ammunition for a further attempt at substantial boardroom representation by Moore Holdings remains to be seen. Meanwhile, the stock market was already taking a dim view of Beyer without the excitement of Moore's abortive attempt last June to remove the engineering group's five non-executive directors with two nominated by Moore, which has a 35 per cent equity stake.

Since then the shares have fallen 32 per cent to 15p and judging by Beyer's performance in the first three months of 1974 the decline is wholly justified on trading grounds. For having made a £61,000 profit for the 12 months to the end of December, Beyer finishes its 15 months to March 31 with a loss of £51,000, pointing to a loss in the final three months of £112,000.

To be fair, one does not have to look far for the reasons behind the setback at Beyer, where on top of the three-day week it had to cope with loss making contracts at Space Depot, severe losses on Richard Garrett's overseas operations and two special provisions: £65,000 for a possible bad debt from Ronald Lyon Construction and £50,000 from the closure of the loss-making Spanish operation.

With the £376,000 from the rights issue earlier this year and a host of remedial measures at the other trouble spots, Beyer reckons it has "substantial scope for expansion" and is currently trading profitably. What success it will ultimately have is a moot point, but if Moore is going to strike again, it will clearly have to be soon.

Accounts: 1973-74* (1972)
Capitalization £1.2m
Net assets £2.25m (£2.43m)
Borrowings £0.25m (£0.18m)
Pre-tax loss £0.05m (£0.27m)
* 15 months
† net cash
‡ profit

Pico
Defensive qualities

Up 27½ per cent at the pre-tax level in the opening six months, Pico has more than maintained the pace in the second half to produce a full year pre-tax advance of almost 36 per cent. True, the second half figure has benefited considerably from a sharp rise in investment income. But even at the trading level, Pico shows acceleration in the second six months and that can only be rated as good going since it took in the impact of the three-day week.

Though it has done little to prevent the Pico share price falling in line with the rest of the market, the historical defensive quality of Pico as a consumer durable manufacturer has been its concentration on lower priced electrical items. And at this stage it seems that the pattern is going to be much the same as in previous downturns in consumer spending.

For the record, the historic p/e with the "A" at 32p is 3½ and the yield 9.6 per cent. In terms of balance sheet solidity, year-end cash, probably accounts for roughly half the market capitalization.

Final: 1973/74 (1972/73)
Capitalization £1.65m
Pre-tax profits £0.95m (£0.7m)
Earnings per share 9.27p (8.8p)
Dividend gross 3.07p (2.94p)

£100,000 appeal
An attempt will be made tomorrow to revive the National Institute of Industrial Psychology, the learned body which managed to combine research with practical advice to industry for 50 years before falling prey to financial difficulties last summer.

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The Labour Party plans for nationalization of the aircraft industry, announced today, are short and simple. They call for the merger of our two largest aircraft manufacturers, BAC and Hawker Siddeley, into a new British National Aerospace Corporation. The rest of the industry, such as lesser aircraft companies like Westland Aircraft (navy helicopters) Short Bros or Britten Norman, are excluded.

So, too, is the British aircraft engine business now entirely owned by the already nationalized Rolls-Royce which last year clocked up exports almost as large as those of the aircraft manufacturers.

As well as spelling out the companies—far fewer than had generally been expected because of the exclusion of makers of electronic equipment for the aerospace business—the plans list the proposed terms of compensation for the companies to be nationalized.

These are undeniably tough. The report says that in the past compensation terms have tended to be generous, but this would be changed in the case of the aircraft business.

This is because, the report argues, aircraft manufacturers have received such big hand-outs from the state in the past that they are now in a position to demand more. The report says that the state should be taken into account in calculating any compensation.

In other words, if the Government paid the full market price for the assets of the aircraft companies, it will mean that the state is paying twice over for what it gets since most

of these assets were built up with public support.

The argument for nationalizing the aircraft manufacturers is fairly clear, though it will no doubt be resisted vigorously by the aircraft makers. For the past five years, ever since Lord Plowden produced his report on the future of Britain's aircraft makers, there has been a general agreement on the part of outside aircraft observers about what is needed.

The necessary first step for any improvement in Britain's performance, so the argument goes, is for the grouping of the largest aircraft manufacturers into one company, or at least the same way that the two engine makers, Rolls-Royce and Bristol Siddeley, were induced to merge.

Where the two parties disagree is in the means to achieve this. The Conservatives believe deeply in using market forces to encourage the two companies to get together without using overt government direction. Unfortunately during the three and a half years of Conservative rule in office neither BAC nor Hawker Siddeley showed any real interest in doing what other people advised them to do.

But the Labour argument goes further than saying that if the two companies are not to get together, the Government should knock them together. No major civil airliner has been

developed in this country with our government support since 1960, and military projects which depend entirely on government backing make up a large share of the industry's activities.

Because of this, it is argued, the only way to structure the Government's involvement with industry is to bring it within public ownership. This is basically a "tidying up" argument for nationalization. It depends not on any belief that state intervention is by its nature more efficient, but on the belief that any supplier who relies for 63 per cent of its sales on a single government purchaser might just as well accept the fact that it is dependent on that government, and come under its ownership.

But just because the state ownership of these concerns would involve so small a change in their current relationship with government, it can by itself do very little to deal with the underlying problems which the aircraft industry in this country faces.

Aircraft manufacturers all over the world have been faced with a steadily deteriorating situation in the past few years, and things are likely to get worse. The old idea that airlines trade in their jet planes every seven years to buy a new model has collapsed, under such circumstances as the problems of over capacity on the North Atlantic and the dramatic rise in fuel costs. Even such ultra-efficient makers as Boeing have had to drop their plans for new models like the 7X7 range which was designed to replace the world beating 707 and 747.

For the British industry, which has a small home market, a fragmented structure and has spent too long engrossed in delusions of grandeur the record has been worse. On the civil airliner front there has been a series of aircraft which came just too late, or were just too expensive to run and ended up being bought by BEA or BOAC and very few other people.

Of the current range of planes in service with British Airways for example, only the BAC One Eleven has had significant sales abroad and that was largely due to production problems holding up supplies of its American competitors.

Both the Trident and the VC 10 have had minimal sales outside this country. Even though the United Kingdom, as a potential nucleus for the European aircraft industry, ought to be in an advantageous position, 75 per cent of the European market for airliners is now supplied by the United States. Even here in Britain, the share of the domestic market is below 40 per cent.

The reaction of the late 1960s towards this phenomenon was

to argue that the problem was that the British market was too small and that the way ahead lay in European cooperation. This passion, which often was connected with slightly muddled-headed belief in the virtues of the Community, was not usually shared by the industry itself.

Nonetheless, the great majority of projects under way at the moment do rely on European cooperation, if only because once a transnational project gets started, it is extremely difficult to cancel, as those who have been involved in Concorde realize very well.

Although the Labour spokesmen mentioned the need for full cooperation in Europe, the report does not give it the central position which previous studies have usually accorded it.

What the proposals studiously do not mention, and perhaps could not touch in view of the central role played in their planning by unions involved in the aircraft industry, is whether we need an aircraft industry at all, and if so what size it should be.

Although the report has a certain amount of detail on the creation of the British National Aerospace Corporation, it says virtually nothing about what should be done with it once it is formed. It is the realization that this, and not a purely technical transfer of ownership from private individuals to the state, which is the important question which probably lies behind Mr Benn's statement last week that the Government is a long way away from being able to put forward concrete proposals on the future of the industry.

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Among other things, the Merseyside docks had acquired, rightly or wrongly, an unenviable reputation for appalling labour troubles. In the intervening years the nature of the dockers' employment has continued to change, with fewer stevedoring companies employing permanent labour forces, a huge modernization of port facilities, and a much greater involvement in the direct employment of dock labour by the new port authority, the Mersey Docks & Harbour Company.

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Superficially the labour relations record in the waterfront has appeared to improve, but sadly there is little evidence to support the view that there has been a fundamental change of attitudes. Recently the Port of Liverpool has been locked in troubles that were again draining its resources, and further eroding its reputation among world shippers.

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UK AIRFRAME COMPANIES

Company	Number employed (approx.)	Turnover (£million)
BAC	34,000	174
HSA/HSD	32,000	146
Shorts	5,400	28
Scottish	2,500	8
Fairley Britten	200	n.a.
Norman	6,200	69
Westland		

developed in this country with our government support since 1960, and military projects which depend entirely on government backing make up a large share of the industry's activities.

Because of this, it is argued, the only way to structure the Government's involvement with industry is to bring it within public ownership. This is basically a "tidying up" argument for nationalization. It depends not on any belief that state intervention is by its nature more efficient, but on the belief that any supplier who relies for 63 per cent of its sales on a single government purchaser might just as well accept the fact that it is dependent on that government, and come under its ownership.

But just because the state ownership of these concerns would involve so small a change in their current relationship with government, it can by itself do very little to deal with the underlying problems which the aircraft industry in this country faces.

Aircraft manufacturers all over the world have been faced

lateral pay demand for an extra £7 a week. This was rejected by the management who offered the men an interim settlement of £2.10 a week pending the new agreement in October.

When the engineers turned this down, the management withdrew the offer and the strike began. In subsequent negotiations with union officials the company substituted a new offer of £50 a head to cover the period up to October and the unions recommended acceptance.

A current pay and conditions agreement has gone some way towards this and a new package deal is due to be negotiated to take effect in October when the present agreement runs out.

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to argue that the problem was that the British market was too small and that the way ahead lay in European cooperation. This passion, which often was connected with slightly muddled-headed belief in the virtues of the Community, was not usually shared by the industry itself.

Nonetheless, the great majority of projects under way at the moment do rely on European cooperation, if only because once a transnational project gets started, it is extremely difficult to cancel, as those who have been involved in Concorde realize very well.

Although the Labour spokesmen mentioned the need for full cooperation in Europe, the report does not give it the central position which previous studies have usually accorded it.

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INTERIM STATEMENT



Interim Report Six months ended 31st July, 1974

Salient figures and comment from the unaudited statement of profit of the Company and its subsidiaries for the six months ended 31st July, 1974, with comparative figures for 1973/74:

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FINANCIAL NEWS

Dufay looks for record year after interim profit bounds ahead

A buoyant outlook accompanied a more than doubled interim pre-tax profit of £399,000 (excluding Titanite) at Dufay Bitumastic. The board is hoping for a similar result in the second half, which points to a record total of £798,000, against £407,000.

At present sales are being well maintained and this should continue for at least the present quarter. The final lap is hard to forecast, as the trend of demand is clouded by political and economic uncertainties.

A rise in interim sales from £28.9m to £39.6m, indicates a jump in margins from 9.47 per cent to 12.21 per cent. Earnings contributed more to sales than a year ago, and helped to offset the effects of the miners' strike and shorter working week.

Surge by Meat Trade Suppliers

Profits of Meat Trade Suppliers were almost doubled at midway following the preceding year's 54 per cent leap, and show still further improvement in the year to March 31, with a record turnover. Profits more than doubled from £260,000 to £529,000 pre-tax, including that on sale of fixed assets amounting to £82,000. Turnover, however, fell away from £5.13m to £5.58m.

The year's dividend is hoisted from 6.43p to 10p, for which Treasury has been sought. There is also a proposed scrip or cash option. Elsewhere, as mentioned at half-time, an exceptional item of £20,000 was provided to write-off goodwill in a subsidiary.

Brisk start at EIS

Mid-year pre-tax profits of Electrical and Industrial Securities have gone ahead from

£307,000 to a record £359,000 and the dividend is increased from 0.75p to 0.84p. While the board hopes to apply the same percentage increase to the final, this must depend on profits and regulations.

Profits are given before a release of 1970 Rolls-Royce provision amounting to £62,400 for the previous year (noting this time) and a surplus on the sale of assets of £46,500 (£135,000). Earnings a share before these items were 1.58p (1.56p).

£484,000 write-off by Mitchell Somers

Little, if any, surplus is expected by Mitchell Somers in the liquidation of Pressures Dynamics and £484,000 has been written off reserves. Mr Walter Somers writes in his last report as chairman.

This accounts for a drop of 4p to 28p in the net asset value a share to 10p, against a year earlier. On profits the chairman says the order position is excellent and the first quarter was ahead of budget. He expects an even more satisfactory profit this year (£467,000 pre-tax last time) and if restrictions are lifted hopes to raise the dividend again.

Gnome Photo drop

After its record £254,000 pre-tax last year Gnome Photographic Products went into retreat in the year to May 31. On turnover steady at £1.09m against £1.02m, pre-tax profit dropped to £27,000, including dividends and interest amounting to £41,000 compared with £31,000, but after a loss of £4,000 against a token profit on realization of investments. The "net" dropped from £153,000 to £111,000, and per-share earnings from 6.43p to 4.66p. The

dividend is raised from 3.15p to 3.31p.

Saville Gordon double payout

To follow a first half in which profits were almost doubled £10.8m in £23.2m and after tax the attributable comes out at £24,000, against £20,000. Earnings were 5.94p (2.94p).

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UK firm's interest in Baudouin Motors

St des Moteurs Baudouin is holding talks which could lead to a British firm taking a controlling interest in it, according to informed sources in Paris quoted by Reuters.

The Paris-based manufacturer of diesel motors for fishing and river vessels had a net turnover for the first half of 1974 of 75m francs (£5.25m).

No comment was available from the company.

PSIT recovery hope

Steeper interest charges helped Property Security Investment Trust to make a £1.06m loss last year, but Mr A. R. Perry, chairman in his annual review, believes the group is in good shape to benefit from any improvement in the property market. He bases this on the current demand for industrial property and diversification into overseas properties.

Loss follows 'inaccurate' forecast by Hilton Transport

After an estimate that the first 16 weeks' trading had produced a "small profit", the Ralph Hilton Transport Services Group (soon to be called Roadships) reveals a loss of £435,000 for the first half to February 9.

The group was the subject of a Department of Trade inquiry and criminal proceedings are pending against the company's founder.

The board now has to admit that the original estimate was "materially inaccurate". It says that its internal problems are deep-seated and more widespread than first thought, and this has made recruitment of new management difficult. The situation was the more complicated by the sudden departure of Mr McNaughton, chief executive, two weeks before the annual meeting, on medical advice.

The second half of the year is also likely to show a loss. For the whole of the preceding year the company lost £886,000.

Howden Group is set fair

The major factor in the Howden Group's profit advance last year (£2.45m to £3.5m) came from improvement in trading margins including the United Kingdom, and now Sir Norman Elliott, chairman, in his review, reports record order-book and predicts a further jump in earnings for the current year.

The group's substantial overseas interests are outside the domestic restriction on prices and profits, and all four sectors abroad are buoyant.

Mining

Peko-Wallend maintains recovery

Recovery seen in the first half at Peko-Wallend was more than maintained in the second, with profits for the year up from £4.82m to £4.94m. But this was of little help to the shares which closed 5p lower at 225p in London yesterday.

The profit was struck after charging £2.5m (£1.5m) towards exploration, £7.7m (£5.3m) for depreciation, £0.8m (£0.2m) for tax and £3.82m (£nil) for extraordinary items. At the interim stage, the value of the King Island Scheelite investment had been written down by £2.5m and presumably the bulk of the final figure relates to this.

Federale Mynbou

Net profits at Federale Mynbou, the parent company of General Mining, more than doubled in the first six months to end June from £2.33m to £4.79m and earnings from 21.2c to 43.6c a share.

The market value of investment increased from £172m to £220m.

Western Mining: Production in the four weeks to August 13, as follows: Ore treated, 112,036 tonnes (114,171); nickel concentrates, 25,488 tonnes (28,205).

Eurobond prices (midday indicators)

STRAIGHTS		8 1/2	Offer	SAS 8 1/2	1987
Airlease 8 1/2	1988	7 1/4	8 1/4	Shawmut 8 1/2	1980
American Customs 8 1/2	1989	8 1/4	8 1/2	Shawmut 8 1/2	1988
Anglo-American 7 1/4		8 1/4	8 1/2	Shill 8 1/2	1987
		6 1/4	7 1/4	Shill 8 1/2	1987
Ashtand 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Ashtand 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
BAC 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Bancorp 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
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British Steel Corp 8 1/2		8 1/4	8 1/2	Shill 8 1/2	1987
		8 1/4	8 1/2	Shill 8 1/2	1987
Burlington 7 1/4	1987	8 1/4	8 1/2	Shill 8 1/2	1987
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Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
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Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Castner 8 1/2	1987	8 1/4	8 1/2	Shill 8 1/2	1987
Castner 8 1/2	1987</				

